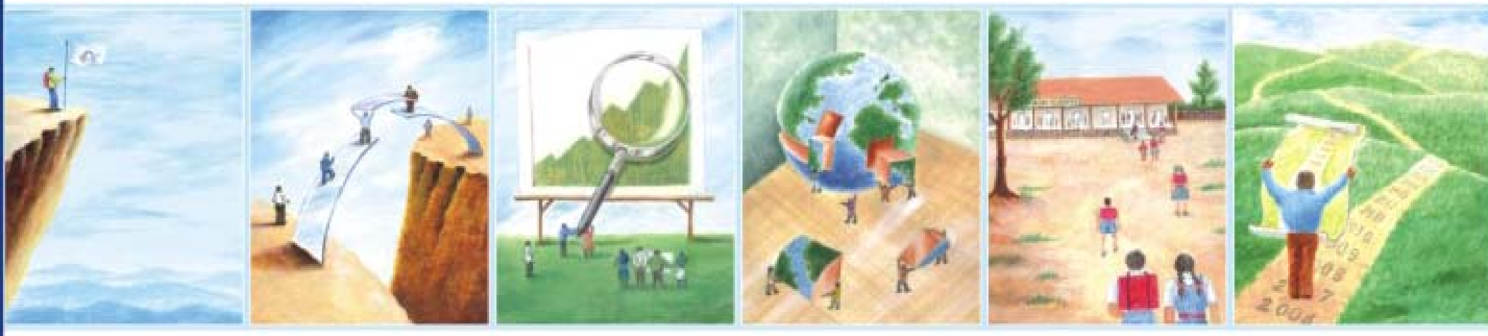
21st ANNUAL REPORT 06-07



ALOK
INDUSTRIES LIMITED
™ INTEGRATED TEXTILE SOLUTIONS

Contents

Key Highlights of 2006-07

Turnover increased by 28.4% to
Rs. 1,824.68 crores

Exports increased by 62.6% to
Rs. 641.71 crores

EBITDA* increased by 36.4% to
Rs. 410.96 crores

Profit After Tax* increased by 23.8% to
Rs. 135.18 crores

Dividend recommended at
Rs. 1.40 per share

Total Assets Rs. 4,795.95 crores

Total Networth Rs. 1,024.44 crores

Book Value at Rs. 60.13

EPS at Rs. 9.70

CEPS at Rs. 16.99

*Excluding exchange gain of Rs. 33.43 crores

Corporate Objective

- To ensure total customer satisfaction
- To be a global textile enterprise
- To attain leadership in all facets of operation and meet global standards of cost, quality and pricing
- To constantly provide opportunities and create values for all the employees and society at large
- To maximize profit and shareholders wealth

Quest For Excellence

We are a professionally managed company, catering to the needs of the Global Textile Industry.

We have modern state-of-the-art facilities for Spinning, Weaving, Knitting, Processing, Embroidery, Garmenting, Home Textiles and Texturising providing total solutions for the Global Textile Industry.

With more than two decade of dedicated involvement with the Textile Industry, our core competency lies in assuring Customers of quality, consistency and dependable delivery schedules at Internationally competitive prices.

We draw strength from our ability to make fabrics based on Customer specifications.

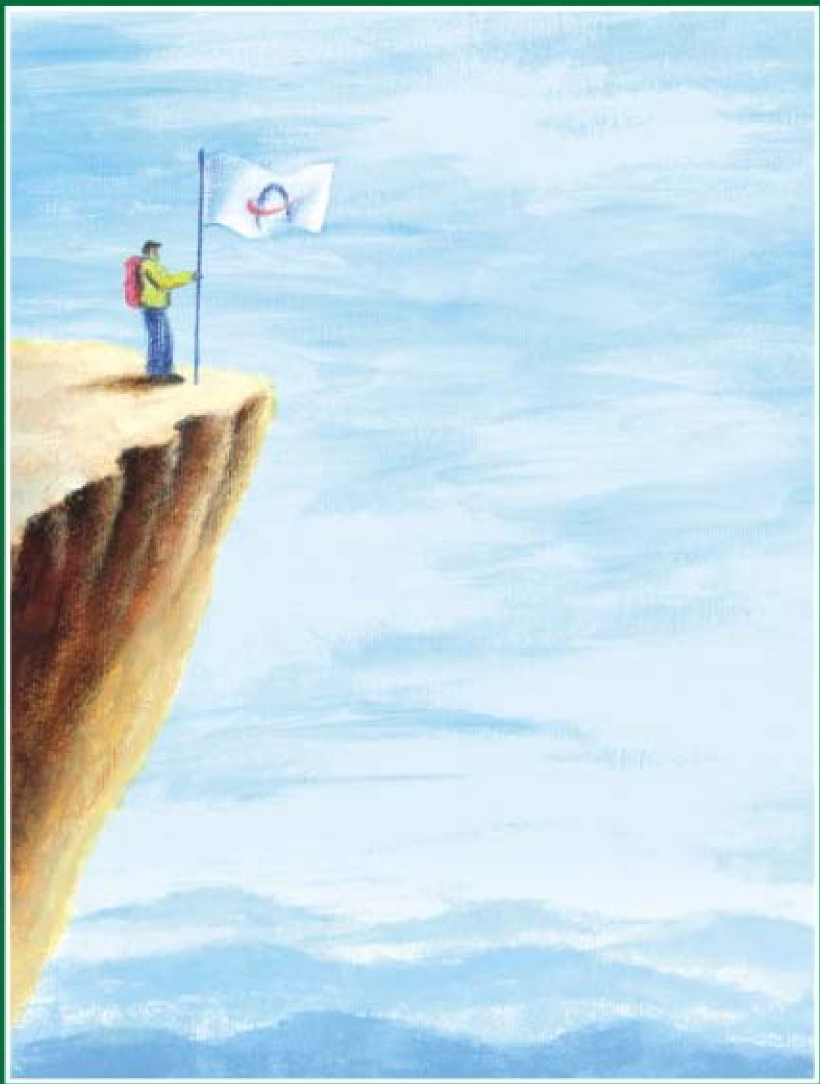
We constantly create value and attain Global Benchmarks in every facet of our operation.

We constantly adopt new technologies and are well equipped to face the challenges in the Quota free global textile trade.

We provide Integrated Textile Solutions for Quality, Versatility and Reliability.

Integrated Textile Solutions™

Belief



"It's your attitude, not your aptitude that determines your altitude"
- Zig Ziglar

Driven by our will to win,

desire to succeed and

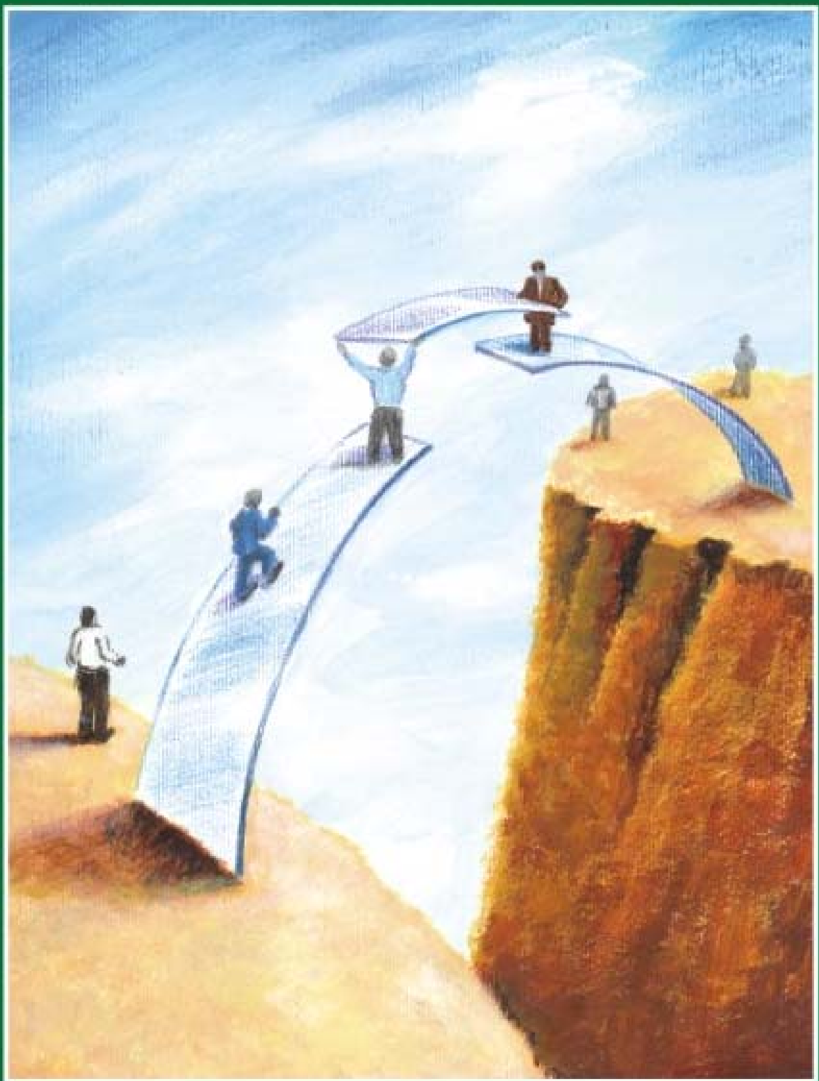
urge to excel…

for us at Alok,

success is a journey and

not the destination.

Innovation



"Creativity is thinking up new things.
Innovation is doing new things"

- Theodore Levitt

Innovations inspire everybody…

from the creator to consumers.

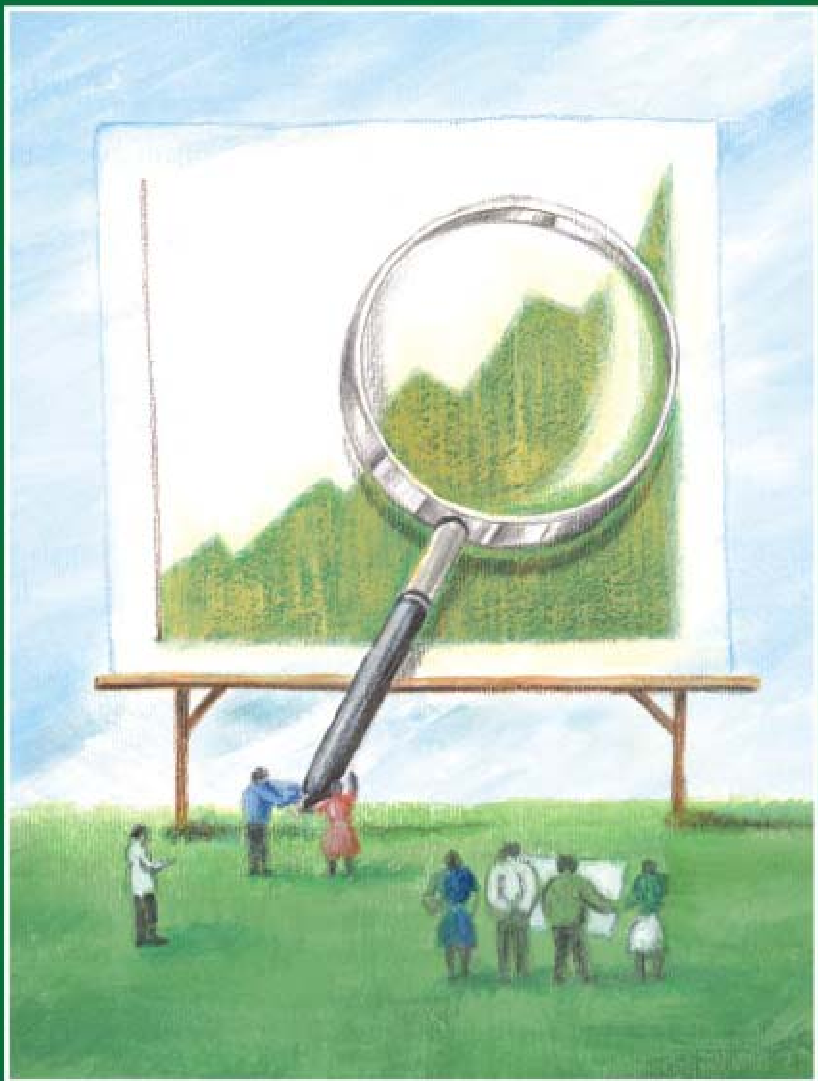
Ideas, design, technology, skills…

at Alok,

innovation is a way of life.

Integrated Textile Solutions™

People



"Coming together is a beginning,
staying together is progress,
and working together is success."
-Henry Ford

People are our most

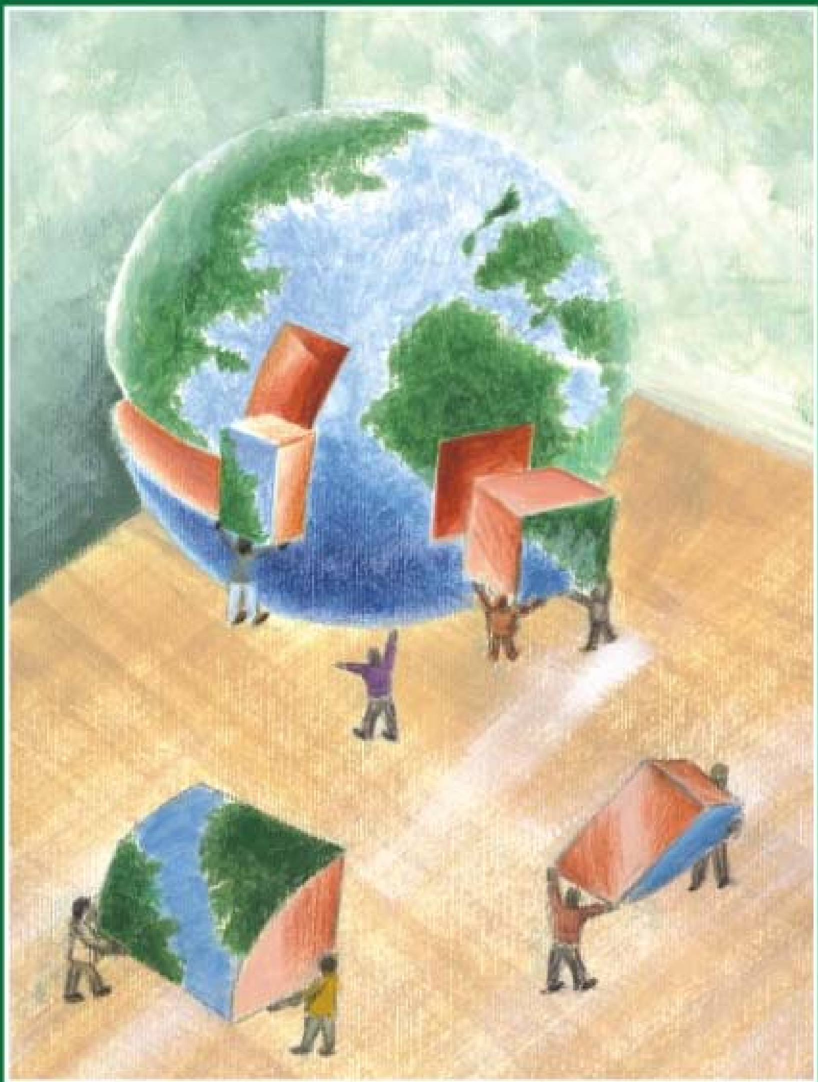
valuable assets

and

partners in growth.

Integrated Textile Solutions™

Environment

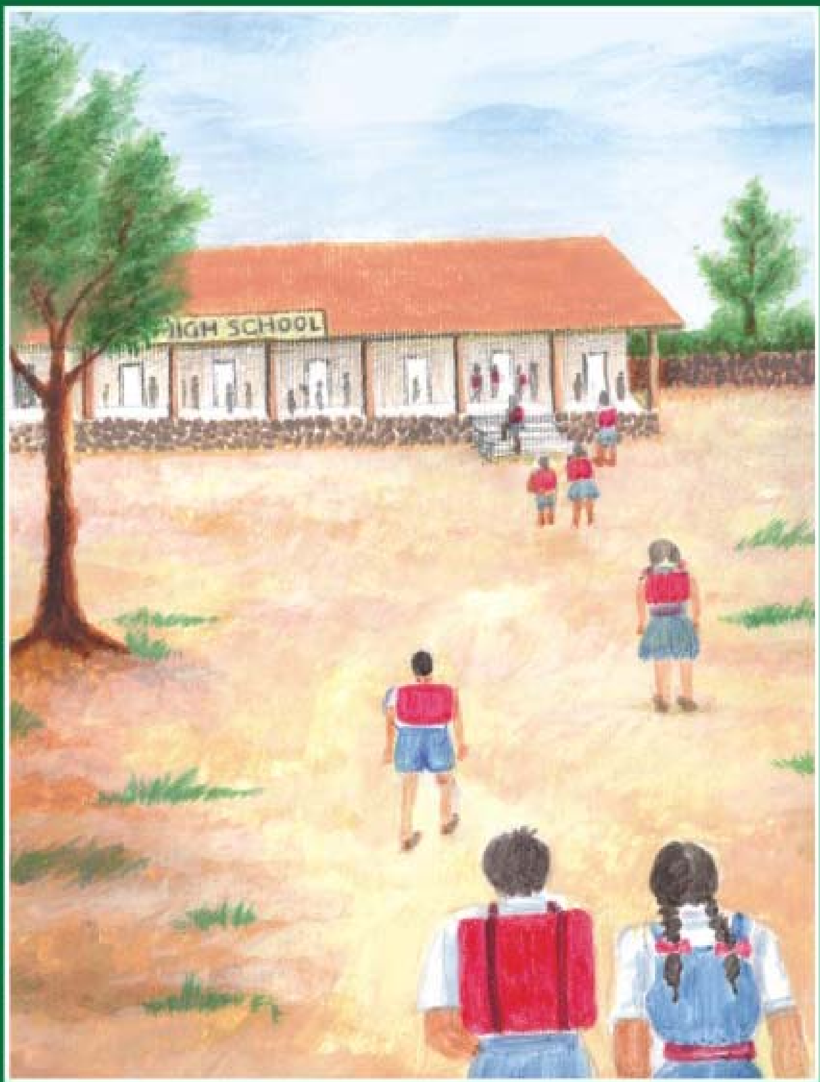


Don't blow it - good planets are hard to find.

- Quoted in Time

Our operating ethos ensure
minimum environmental footprints…
responsible manufacturing…
energy efficiency…
Recycling resources…
conserving environment.

Social Responsibility

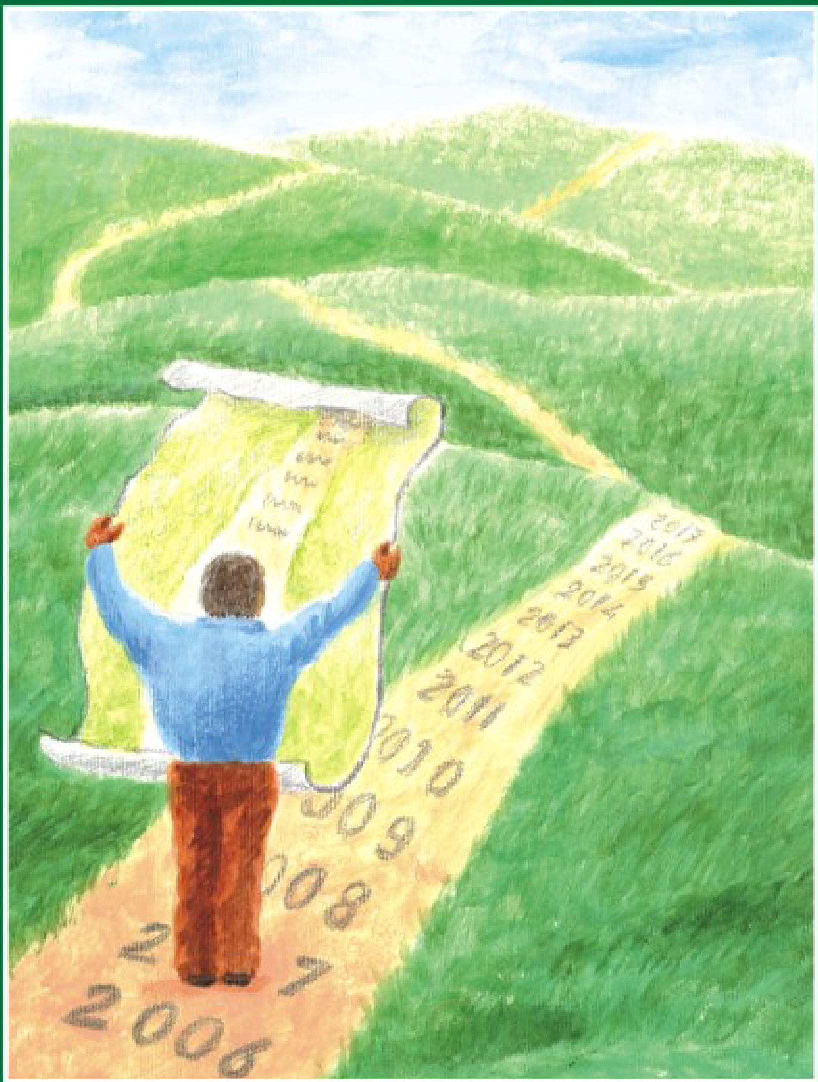


"The only worthwhile achievements of man are those which are socially useful."

- Alfred Adler

Alok pursues business goals
that are socially fulfilling and
contribute to the personal growth
of people around.
Developing their skills,
creating new opportunities
and contributing to
their well-being.

Expanding Horizons

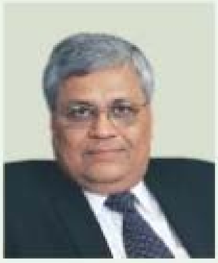


"Nothing is too high for a man to reach,
but he must climb with care and confidence."

- Hans Christian Anderson

Our vision streaks far into
the horizon. Best-in-class
technologies, processes,
and professional acumen drives
our quest for excellence.
Spotting opportunities… and
responding briskly is our passion.
Setting ambitious goals
inspires us.

Board of Directors



Ashok B. Jiwrajka
Executive Chairman

Dilip B. Jiwrajka
Managing Director

Surendra B. Jiwrajka
Jt. Managing Director

K. J. Punnathara
Nominee Director of
Life Insurance
Corporation of India

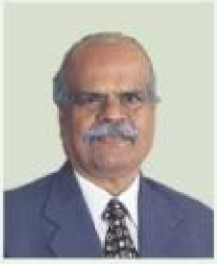
K. C. Jani
Nominee Director of
Industrial Development Bank
of India Limited

Rakesh Kapoor
Nominee Director
of IFCI Limited

C. K. Bubna
Executive Director

Ashok G. Rajani
Director

K.R. Modi
Director



R. J. Kamath
Nominee Director of
Industrial Development
Bank of India Limited

Tim Ingram
Director

Hiroo S. Advani
Nominee Director
Export Import Bank of India

Integrated Textile Solutions™

Executive Directors

C. K. Bubna, Surendra B. Jiwrajka , Ashok B. Jiwrajka and Dilip B. Jiwrajka

New Generation Successors

Niraj D. Jiwrajka, Alok A. Jiwrajka and Varun S. Jiwrajka

Core Teams of Alok

Head Office

Silvassa


Vapi


Pawane

Chairmans' Message

Dear Shareholder:

2006-07 has been an excellent year for both the country and your Company. India achieved an inflation-adjusted real GDP growth of 9.4%, which followed 9% growth of the previous fiscal year. This has pushed up the nation's compound annual growth rate (CAGR) over the last four years to over 8.6%. It ranks among the very best economic performances across all emerging economies. Indeed, according to comparable World Bank data, barring China, no country in the world with its national income greater than India has grown faster not just over the previous four years, but over the last fourteen.

I have no doubt in my mind that India has moved on to a higher growth trajectory that ought to support a longer term average annual growth rate of 8.5%. In fact, with a more sustained focus on physical infrastructure, we should be able to achieve double-digit growth by 2011-12 the terminal year of Eleventh Five Year Plan.

Your Company, too, has done well. Let me share with you some of the highlights for 2006-07.

- Your Company's income from operations grew by over 28.4% to Rs. 1,824.68 crores. This translates to a CAGR of 22.1% over the last three years.

- Export income rose by 62.6% to Rs. 641.71 crores, with a three year CAGR of 44.7%. Today, Alok Industries' exports account for over 35% of its total operational turnover. We consider this ratio to be important. Throughout the world, data shows that when over a third of any company's revenue comes from export, it triggers a DNA change where the corporation becomes more efficient, more technology and logistics driven, and much more attuned to the needs of unforgiving international consumers. This change has begun in earnest at your Company. And you will see more of it over time.
- Operating earnings before interest, taxation, depreciation and amortisation (operating EBITDA) grew by 36.4% to Rs. 410.96 crores corresponding to a three-year CAGR of 29.6%. Including non-operating income, EBITDA increased by 47.5% to Rs. 444.39 crores.

"Your Company's income from operations grew by over 28.4% to Rs. 1,824.68 crores. This translates to a CAGR of 22.1% over the last three years."

- Operating profit before taxes (operating PBT) grew by 29.1% to Rs. 198.88 crores. Inclusive of extraordinary income, the 2006-07 PBT was at Rs. 232.31 crores.

- Profit after tax (PAT) stood at Rs. 164.86 crores, representing a 50.9% rise over the previous year.

- Return on net worth (RONW) was 13.11% in 2006-07 up from 12.66% last year. And the Company's earnings per share (EPS) increased from Rs.6.68 in 2005-06 to Rs.9.70 in 2006-07.

These are creditable results, and you can read the details in the Management Discussion and Analysis.

In this letter, let me take the opportunity of outlining to you a vision of your Company. To be sure, these will be what are now called "forward looking statements". But these are necessary because all of us animals, humans and companies live for the future, and not for the past.

There are two parts of this vision: first, the commercial; and second, the environmental and social. To us at Alok, both are just as important. And one cannot thrive without the other.

At Alok, we want to do all that is necessary to become a global textile enterprise by 2010. That involves ramping up revenues manifold from 2006-07 level in in the course of the next three years. This is not an easy task; but we believe it can be done through the building blocks that have been, and are being, put in place.

The first such building block is a large and fully integrated expansion programme. At the end of this phase of the expansion exercise, your Company should reach global scales in each area of its operations.

The second building block is strategic reorganisation. Your Company is in the process of separating its retail and garmenting divisions into separate entities. This unlocks considerable shareholder value, as well as lends much sharper focus to these business areas. In garmenting, the new entity would not only increase in-house capacity to 22 million pieces per annum, it would also acquire production capacities,

Ashok B. Jiwrajka Executive Chairman

which would allow production to reach the 50 million pieces per annum mark by 2010.

Retailing is also an area where your Company wishes to exploit growing opportunities in the Indian markets. '**H & A**' is a 'value for money' retail format, where your Company sells both garments and home textiles. During the year under review, your Company has launched 14 '**H & A**' stores in major metro cities and plans to roll out a significant number of stores within the next 3 years.

The third building block is international operations. This involves acquiring 'top-of-the-line' manufacturing capacities, order books as well as appropriate brands. Your Company acquired 60% of the equity of Mileta, one of the largest totally integrated textile enterprises in Europe a top-of-the-line integrated textile entity located in the Czech Republic. Alok also entered into a trademark licensing agreement with 'Aisle 5 LLC', a distribution company headquartered in the USA, owning a number of lifestyle brands. Under this license, your Company has the rights to manufacture and distribute bath, sleeping, dining and home décor textile products, thus affording it a unique option to participate in building of a new and large distribution channel in the US markets. We are continuously scanning the market for such opportunities.

The fourth building block is deepening of customer relationships to offer 'integrated textile solutions' to both global and Indian buyers. Alok will use its production facilities and design capabilities to offer a full suite of textile products to all major buyers and thus transform it from being one of many vendors to becoming a global partner of choice.

Apart from the above building blocks, Alok, through a subsidiary, has also taken a strategic decision to enter the infrastructure sector. The subsidiary is developing a textile-specific Special Economic Zone (SEZ) at Silvassa. It has also acquired two prime properties at Mumbai, which would, in turn, generate both capital appreciation and regular cash flow.

"Like many other industries, the world of textiles, apparels and garments is increasingly going the organic way. This is not a fashion or a fad. It is a way of saving the earth."

Let me now focus on the environmental and social aspects of your Company's vision, especially two critical aspects: organic cotton and women's empowerment.

Like many other industries, the world of textiles, apparels and garments is increasingly going the organic way. This is not a fashion or a fad. It is a way of saving the earth. Consider the following statistic: although 3% of cultivable land in the word is under cotton cultivation, 25% of the world's pesticides and chemical fertilisers are used for growing it. Clearly, this is not sustainable. And major global buyers as well as consumers are increasingly insisting on organic labels and are willing to pay a premium for it.

It is time for us in the Indian textile industry to focus on the beginnings of the organic wave, lest it catch unprepared and swamp most players.

Here is some more data. Conventional cotton is available at about Rs. 19,000 per candy, while organic cotton fetches Rs. 27,000 translating to a difference of Rs.26 per kg at the yarn stage. The yield per acre of conventional cotton produced with chemically treated pesticides is about 1,000 kg per acre. With the gradual rejuvenation of land through the right kind of treatment with home made manures like neem leaves, cow dung and compost, the yield of organic cotton can be progressively increased from 200 kg per acre to 1,000 kg in a period of five years when it will have the same yield as chemically treated cotton.

There is clearly a case for active corporate intervention in the four-to-five transitional years, as the farmers gradually raise the yield of organic cotton to the level of conventional cotton. Companies can come in and facilitate contract farming for organic cotton so that the farmer not only benefits from the lower cost of production but also gets about 15%-20% better realisation for his produce.

This is not a revolutionary idea. It is now a reality for many crops throughout the world. Consider Africa. Globally renowned retail brands have adopted regions for organic contract farming coupled with women empowerment and Fair Trade practices for cotton growing. As an example, organic cotton grown in West Africa is going to be converted to yarn and fabric by your Company; the fabric is then sent to garment converters for shipping to marquee brands in Europe and the Americas.

If Africa can do this, why shouldn't India? It is good for the soil; good for the farmers; good for business; and good for the environment. In fact, your Company has already has tied up for contract farming spread over 140,000 acres for exclusive supply of organic and 'fair trade' cotton. This is part of your Company's initiative to ensure sustainable resources of raw materials, a fair price for the farmers and also to promote the organic cotton movement in the country.

The other aspect I want to share with you is about corporate social responsibility, especially the empowerment of poorer women. Your Company has played a role in this regard. At the Silvassa unit, we have trained approximately 1,000 tribal women in weaving, stitching, and garment-making tasks, after which they have been hired by the Company. Wherever possible, you will see more of this in the years to come.

I am confident that your Company will continue to grow in stature both as an integrated global textile major and as a socially responsible, ecologically aware corporation. In its growth path, Alok is deeply grateful for the support it has had from the Ministry of Textiles, especially from the Textile Upgradation Fund Scheme (TUFS). Your Company is also proud of its workers and employees, who have shown what it takes to generate year-on-year growth of production, revenues and profits. And we are grateful to all our shareholders for continuing to repose confidence in us.

India will continue to grow. And with it, Alok.

Yours sincerely,

Ashok B. Jiwrajka
Executive Chairman

Bankers
Andhra Bank
Bank of Baroda
Bank of India
Calyon Bank
Citi Bank
Dena Bank
Industrial Development Bank of India Limited
ING Vysya Bank Limited
Punjab National Bank
Standard Chartered Bank
State Bank of Bikaner & Jaipur
State Bank of Hyderabad
State Bank of India
State Bank of Indore
State Bank of Mysore
State Bank of Patiala
State Bank Saurashtra
State Bank of Travancore
Syndicate Bank
The Federal Bank Limited
The Jammu & Kashmir Bank Limited
The Karur Vysya Bank Limited

Statutory Auditors
Gandhi & Parekh
Chartered Accountants

International Accountants
Deloitte Haskins & Sells
Member – Deloitte Touche and Tohmatsu (DTT)

Internal Auditors
Bhandarkar & Co.
Chartered Accountants

Devdhar Joglekar & Srinivasan
Chartered Accountants

N.T. Jain & Co.,
Chartered Accountants

Shah Gupta & Co.
Chartered Accountants

T.R. Chadha & Co.
Chartered Accountants

Legal Advisors & Solicitors
Kanga & Co.

Chief Financial Officer
Sunil O. Khandelwal

President (Corporate Affairs) & Secretary
K. H. Gopal

Demat ISIN Number in NSDL & CSDL
Equity Shares - INE 270A01011

Website
www.alokind.com

E-mail id
Info@alokind.com

Registered Office
B/43, Mittal Tower,
Nariman Point, Mumbai – 400 021

Corporate Office
Peninsula Tower , 'A' wing, Peninsula Corporate Park,
G. K. Marg, Lower Parel,
Mumbai 400 013

Marketing Offices

Domestic

Delhi Office
177, Alok House,
Sant Nagar, East of Kailash,
New Delhi – 110 065

Bangalore Office
Ground floor, Rajee,
8-3/1, Lang Fort Road,
Lang Fort Town,
Bangalore – 560 025

Chennai Office
Office No. D, First Floor,
Doshi Towers No.156,
Poonamallee High Road,
Kilpauk, Chennai – 600 010

Overseas

Sri Lanka Office
31/2, De Fonseka Place,
Colombo, Sri Lanka

U.S.A. Office
7 West, 34th Street,
Suite # 607, New York,
New York - 10001

Listing & Code

Bombay Stock Exchange Limited (521070)

National Stock Exchange of India Limited (ALOKTEXT EQ)

Share Transfer Agent,

M/s. Intime Spectrum Registry Limited

C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai 400 078

Works

Spinning

a) 412 Sayli, Silvassa
U.T. of Dadra & Nagar Haveli.

Weaving

a) Babla Compound, Kalyan Road,
Bhiwandi – Dist. Thane

b) 17/5/1 & 521/1, Rakholi/Saily, Silvassa,
Union Territory of Dadra & Nagar Haveli.

c) 209/1 & 209/4,
Village Dadra, U. T. of Dadra and Nagar Haveli.

Knitting

a) 17/5/1, 521/1, Saily, Silvassa
Union Territory of Dadra & Nagar Haveli

Processing

a) C-16/2, Pawane,
TTC Industrial Area, MIDC, Navi Mumbai
District: Thane

b) 254, 261, 268, Balitha,
Taluka Pardi, Dist: Valsad
State: Gujarat

Garments

a) C- 271/2, TTC Industrial Estate,
Turbhe, Navi Mumbai.

b) 374/2/2, Saily, Silvassa
Union Territory of Dadra & Nagar Haveli

Made-Ups

a) 268, Balitha, Pardi, Valsad, Gujarat

b) 374/2/2, Silvassa Khanvel Road, Saily,
U.T. of Dadra & Nagar Haveli.

POY

a) 521/1, Saily, Silvassa
Union Territory of Dadra & Nagar Haveli

Texturising (Yarn)

a) 103/2, Rakholi, Silvassa,
Union Territory of Dadra & Nagar Haveli

b) 17/5/1 & 521/1, Rakholi / Saily, Silvassa
Union Territory of Dadra & Nagar Haveli

NOTICE is hereby given that the **Twenty First Annual General Meeting** of the members of **ALOK INDUSTRIES LIMITED** will be held on Tuesday, the 25th day of September, 2007 at 11.00 A.M. at **TEXTILES COMMITTEE AUDITORIUM, P. BALU ROAD, PRABHADEVI CHOWK, PRABHADEVI, MUMBAI-400 025** to transact the following businesses.

1. To receive, consider and adopt the Balance Sheet as at 31st March 2007, the Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare a dividend on Equity Shares and Preference Shares.
3. To appoint a Director in place of Shri Ashok G. Rajani who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri K. R. Modi who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration.

Special Business:

6. To consider and if thought fit, to pass the following resolution, with or without modification(s), as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of section 310 and other applicable provisions, if any, of the Companies Act, 1956, and the laws prevailing for the time being and subject to the approval of the Central Government, as may be required and such alterations and modifications, if any, that may be effected pursuant to any change in policies, Acts or laws, guidelines, rules and regulations relating to managerial remuneration or in response to any applications for review and reconsideration submitted by the Company in that behalf to the concerned authorities, consent of the Company be and is hereby accorded to the payment of enhanced remuneration and perquisites to Shri Ashok B. Jiwrajka - Executive Chairman, who was re-appointed as Whole-time director at the Annual General Meeting of the Company held on 30th September 2003 for a period of 5 years effective from 10th May 2003 as given below:

Remuneration: Salary Rs.15,00,000/- per month, with effect from 01st August, 2007 subject to the provisions of the Companies Act or any amendments/modifications thereof.

Perquisites would include accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance together with reimbursement of expenses/or allowances for utilisation of gas, electricity, water, furnishing and repairs; medical reimbursement; leave travel concession for self and his family including dependents; club fees, credit card payments, life insurance premium, medical insurance and such other perquisites and/or allowances, upto the amounts specified above for each of them, subject to overall ceiling of remuneration stipulated in Section 198 and 309 of the Companies Act, 1956. The said perquisites and allowances shall be evaluated, wherever applicable, as per the Income Tax Act, 1961 or any rules thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force).

Commission:- In addition to the salary, perquisites and allowances as above, the whole-time directors shall also be entitled to receive Commission. Such Commission shall not be more than 1% of the net profit of the Company, subject to the provisions of relevant sections of the Companies Act, 1956.

In the event of loss or inadequacy of profits in any financial year during the currency of his tenure, the Company will pay remuneration by way of salary, perquisites and allowances not exceeding the ceiling limits set out in Section II part II of Schedule XIII to the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force).

"RESOLVED FURTHER THAT the other terms and conditions of the agreement dated 10th May 2003 for the re-appointment of Shri Ashok B. Jiwrajka as Executive Chairman remain unchanged."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take such steps as may be necessary and desirable to give effect to this resolution."

7. To consider and if thought fit, to pass the following resolution, with or without modification(s), as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of section 310 and other applicable provisions, if any, of the Companies Act, 1956, and the laws prevailing for the time being and subject to the approval of the Central Government, as may be required and such alterations and modifications, if any, that may be effected pursuant to any change in policies, Acts or laws, guidelines, rules and regulations relating to managerial remuneration or in response to any applications for review and reconsideration submitted by the Company in that behalf to the concerned authorities, consent of the Company be and is hereby accorded to the payment of enhanced remuneration and perquisites to Shri Dilip B. Jiwrajka – Managing Director, who was re-appointed as Whole-time director at the Annual General Meeting of the Company held on 30th September 2003 for a period of 5 years effective from 10th May 2003 as given below:

Remuneration: Salary Rs.15,00,000/- per month, with effect from 01st August 2007 subject to the provisions of the Companies Act or any amendments/modifications thereof.

Perquisites would include accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance together with reimbursement of expenses/or allowances for utilisation of gas, electricity, water, furnishing and repairs; medical reimbursement; leave travel concession for self and his family including dependents; club fees, credit card payments, life insurance premium, medical insurance and such other perquisites and/or allowances, upto the amounts specified above for each of them, subject to overall ceiling of remuneration stipulated in Section 198 and 309 of the Companies Act, 1956. The said perquisites and allowances shall be evaluated, wherever applicable, as per the Income Tax Act, 1961 or any rules thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force).

Commission:- In addition to the salary, perquisites and allowances as above, the whole-time directors shall also be entitled to receive Commission. Such Commission shall not be more than 1% of the net profit of the Company, subject to the provisions of relevant sections of the Companies Act, 1956.'

In the event of loss or inadequacy of profits in any financial year during the currency of his tenure, the Company will pay remuneration by way of salary, perquisites and allowances not exceeding the ceiling limits set out in Section II part II of Schedule XIII to the

Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force).

"RESOLVED FURTHER THAT the other terms and conditions of the agreement dated 10th May 2003 for the re-appointment of Shri Dilip B. Jiwrajka as Managing Director remain unchanged."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take such steps as may be necessary and desirable to give effect to this resolution."

8. To consider and if thought fit, to pass the following resolution, with or without modification(s), as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of section 310 and other applicable provisions, if any, of the Companies Act, 1956, and the laws prevailing for the time being and subject to the approval of the Central Government, as may be required and such alterations and modifications, if any, that may be effected pursuant to any change in policies, Acts or laws, guidelines, rules and regulations relating to managerial remuneration or in response to any applications for review and reconsideration submitted by the Company in that behalf to the concerned authorities, consent of the Company be and is hereby accorded to the payment of enhanced remuneration and perquisites to Shri Surendra B. Jiwrajka – Jt. Managing Director, who was re-appointed as Whole-time director at the Annual General Meeting of the Company held on 30th September 2003 for a period of 5 years effective from 10th May 2003 as given below:

Remuneration: Salary Rs.15,00,000/- per month, with effect from 1st August 2007 subject to the provisions of the Companies Act or any amendments/modifications thereof.

Perquisites would include accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance together with reimbursement of expenses/or allowances for utilisation of gas, electricity, water, furnishing and repairs; medical reimbursement; leave travel concession for self and his family including dependents; club fees, credit card payments, life insurance premium, medical insurance and such other perquisites and/or allowances, upto the amounts specified above for each of them, subject to overall ceiling of remuneration stipulated in Section 198 and 309 of the Companies Act, 1956. The said perquisites and allowances shall be evaluated, wherever applicable, as per the Income Tax Act, 1961 or any rules thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force).

Commission:- In addition to the salary, perquisites and allowances as above, the whole-time directors shall also be entitled to receive Commission. Such Commission shall not be more than 1% of the net profit of the Company, subject to the provisions of relevant sections of the Companies Act, 1956.

In the event of loss or inadequacy of profits in any financial year during the currency of his tenure, the Company will pay remuneration by way of salary, perquisites and allowances not exceeding the ceiling limits set out in Section II part II of Schedule XIII to the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force).

"RESOLVED FURTHER THAT the other terms and conditions of the agreement dated 10th May 2003 for the re-appointment of Shri Surendra B. Jiwrajka as Jt. Managing Director remain unchanged."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take such steps as may be necessary and desirable to give effect to this resolution."

9. To consider and if thought fit, to pass the following resolution, with or without modification(s), as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of section 310 and other applicable provisions, if any, of the Companies Act, 1956, and the laws prevailing for the time being and subject to the approval of the Central Government, as may be required and such alterations and modifications, if any, that may be effected pursuant to any change in policies, Acts or laws, guidelines, rules and regulations relating to managerial remuneration or in response to any applications for review and reconsideration submitted by the Company in that behalf to the concerned authorities, consent of the Company be and is hereby accorded to the payment of enhanced remuneration and perquisites to Shri Chandrakumar Bubna who was re-appointed as Whole-time directors at the Annual General Meeting of the Company held on 30th September, 2004 for a period of 5 years effective from 1st May, 2004 as given below:

Remuneration: Salary Rs.15,00,000/- per month, with effect from 01st August 2007 subject to the provisions of the Companies Act or any amendments/modifications thereof.

Perquisites would include accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance together with reimbursement of expenses/or allowances for utilisation of gas, electricity, water, furnishing and repairs; medical reimbursement; leave travel concession for self and his family including dependents; club fees, credit card payments, medical insurance and such other perquisites and/or allowances, upto the amounts specified above for each of them, subject to overall ceiling of remuneration stipulated in Section 198 and 309 of the Companies Act, 1956. The said perquisites and allowances shall be evaluated, wherever applicable, as per the Income Tax Act, 1961 or any rules thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force).

Commission:-In addition to the salary, perquisites and allowances as above, the whole-time directors shall also be entitled to receive Commission. Such Commission shall not be more than 1% of the net profit of the Company, subject to the provisions of relevant sections of the Companies Act, 1956.

In the event of loss or inadequacy of profits in any financial year during the currency of his tenure, the Company will pay remuneration by way of salary, perquisites and allowances not exceeding the ceiling limits set out in Section II part II of Schedule XIII to the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force).

"RESOLVED FURTHER THAT the other terms and conditions of the agreement dated 1st May 2004 for the re-appointment Shri Chandrakumar Bubna as Executive Director remain unchanged."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take such steps as may be necessary and desirable to give effect to this resolution.

10. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:

"RESOLVED THAT subject to the approval of the Central Government and in pursuance of the provisions of Section 314 of the Companies Act, 1956, consent of the Company be and is hereby accorded to Mr. Alok A. Jiwrajka, a relative of Shri Ashok B. Jiwrajka, Shri Dilip B. Jiwrajka and Shri Surendra B. Jiwrajka, Wholetime Directors of the Company, to hold an office of profit of the Company at an aggregate enhanced consolidated remuneration of Rs.150,000/- per month."

By Order of the Board

REGISTERED OFFICE:
B-43, MITTAL TOWER,
NARIMAN POINT,
MUMBAI - 400 021.

K. H. Gopal
President (Corporate Affairs) &
Secretary

Dated: 31st July 2007

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The relevant Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, is enclosed hereto.
3. The Register of Members and Share Transfer Books of the Company will be closed from Tuesday, the 18th day of September 2007 to Tuesday, the 25th day of September 2007 (both days inclusive).
4. If the dividend on shares, as recommended by the Board of Directors, is declared at the Meeting, payment thereof will be made (i) to those members whose names appear on the Register of Members of the Company after giving effect to all valid share transfers in physical form lodged with the Company's Registrars and Share Transfer Agent M/s. Intime Spectrum Registry Limited (R &TA) as on 18th day of September, 2007; and (ii) in respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited, as on 18th September, 2007 in case of shares held in demat form.
5. Members are requested to notify immediately any change of their address
   (a) To their Depository Participants (DPs) in respect of their electronic share accounts, and
   (b) To the Company at its Registered Office address or R& TA having their address at C-13, Pannalal Silk Mills Compound, L B S Marg, Bhandup (West), Mumbai-400 078; Tel.No.: 25963838 ; Fax No.25946969, in respect of their physical shares, if any, quoting their folio nos.
6. Members are advised to submit their Electronic Clearing Service (ECS) mandates to the Company's R &TA at their aforesaid address to facilitate remittance by means of ECS.
7. Members are requested to bring their copy of the Annual Report to the Meeting and produce the Attendance Slip at the entrance where the Annual General Meeting will be held.
8. The Company has already transferred the unclaimed Dividend, declared upto the financial year ended 31st March 1999 to the Investor Education and Protection Fund (IEPF).

   Members who have not encashed their dividend warrants pertaining to the year 1999–2000 have already been informed through a separate individual written notice to approach the Company's R & TA on or before 19.10.2007, to check up and send their claims, if any, before the amounts become due for transfer to IEPF.

   Pursuant to the provisions of Section 205A of the Companies Act, 1956 dividends for the financial year ended 31st March 2000 and thereafter, which remain unpaid or unclaimed for a period of 7 years from respective dates of transfer to the unpaid dividend account of the Company are due for transfer to the IEPF on the dates given in table below:

Financial year ended	Date of Declaration	Last date for claiming unpaid dividend	Due date for Transfer to IEPF
31.03.2000	20.10.2000	19.10.2007	19.11.2007
31.03.2001	25.09.2001	24.09.2008	24.10.2008
31.03.2002	27.09.2002	26.09.2009	26.10.2009
31.03.2003	30.09.2003	29.09.2010	29.10.2010
31.03.2004	30.09.2004	29.09.2011	29.10.2011
31.03.2005	29.09.2005	28.09.2012	28.10.2012
31.03.2006	29.09.2006	8.09.2013	28.10.2013

Members who have so far not encashed their dividend warrants pertaining to the aforesaid years are advised to submit their claim to the the Company's R & TA at the address mentioned above immediately quoting their folio number / DP ID & Client ID. It may be noted that once unclaimed divided is transferred to IEPF as aforesaid, no claim shall lie in respect of such amount by the members.

9. Members may avail themselves of the facility of nomination in terms of Section 109A of the Companies Act, 1956 by nominating in the prescribed form a person to whom their shares in the Company shall vest in the event of their death. The prescribed form can be obtained from the Company's R & TA at the aforesaid address.

10. **Re-appointment of Directors**:

At the forthcoming Annual General Meeting, Shri Ashok G. Rajani and Shri K. R. Modi retire by rotation and being eligible offer themselves for re-appointment. The information/details pertaining to the above two Directors that is to be provided in terms of Clause 49 of the Listing Agreement executed by the Company with the Stock Exchanges are furnished in the statement of Corporate Governance published elsewhere in this Annual Report.

11. Equity Shares of the Company are listed on the following Stock Exchanges:

Bombay Stock Exchange Limited
Floor 25, P. J. Towers,
Dalal Street, Fort, Mumbai - 400 001.

National Stock Exchange of India Limited,
Exchange Plaza, 5th Floor,
Plot No.C/1, "G" Block, Bandra-Kurla Complex,
Bandra (East), Mumbai - 400 051.
The Listing fees in all the above stated Exchanges have been paid upto 31st March 2008.

12. Members desiring any information as regards to Accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.

By Order of the Board

REGISTERED OFFICE:
B-43, MITTAL TOWER,
NARIMAN POINT,
MUMBAI - 400 021.

K. H. Gopal
President (Corporate Affairs) &
Secretary

Dated: 31st July 2007

ANNEXURE TO THE NOTICE

Explanatory Statement Pursuant To Section 173(2) Of The Companies Act, 1956

ITEM NO. 6, 7, 8 and 9

Shri Ashok B. Jiwrajka, Shri Dilip B. Jiwrajka, Shri Surendra B. Jiwrajka and Shri Chandrakumar Bubna have been the driving forces in successful implementation of various initiatives and strategies, which positioned has the Company as a global player. Their focussed approach, passion for excellence, and thrust on continuous learning, has created a process-driven organization and kept pace with the challenges posed by the growth of the Company. Your directors consider that enhancement of the remuneration of the above named whole time directors as mentioned in the resolution nos.6,7,8 and 9 will be in the interest of the company and accordingly, it has been proposed to enhance their respective remuneration as provided in the resolution nos.6,7,8 and 9.

Your directors recommend the resolution as set out in the Item Nos.6,7,8 and 9 of the Notice for the approval of the members.

None of the directors other than Shri Ashok B. Jiwrajka, Shri Dilip B. Jiwrajka, Shri Surendra B. Jiwrajka and Shri Chandrakumar Bubna is, in any way, concerned or interested in this resolution. This may also be treated as a memorandum issued pursuant to section 302 of the Companies Act, 1956.

IITEM NO. 10

The members may note that Shri Alok Ashok Jiwrajka, relative of Shri Ashok B. Jiwrajka, Shri Dilip B. Jiwrajka and Shri Surendra B. Jiwrajka - promoter directors of the Company, was appointed as Head Garments with effect from 01.01.2002 in the Garment Division of the Company at a total remuneration of Rs.19,600.00 per month. It is proposed that the remuneration payable to Mr. Alok Jiwrajka be enhanced to Rs.150000/- per month considering his present comprehensive responsibilities and position in the interests of the Company. Under Section 314 of the Companies Act, 1956, remuneration payable to a relative of any director (office of profit) requires approval of the members in a General Meeting and approval of the Central Government in case the remuneration exceeds the respective limits stipulated under law. Hence your Directors recommend the resolution at item no.10 for approval of the members.

Apart from Shri Ashok B. Jiwrajka, Shri Dilip B. Jiwrajka and Shri Surendra B. Jiwrajka, none of the other directors of the Company is, in any way concerned or interested in this resolution.

By Order of the Board

REGISTERED OFFICE:
B-43, MITTAL TOWER,
NARIMAN POINT,
MUMBAI - 400 021.

K. H. Gopal
President (Corporate Affairs) &
Secretary

Dated: 31st July 2007

FINANCIAL HIGHLIGHTS

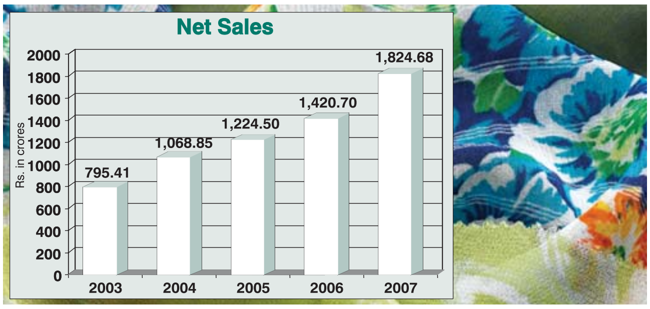
(Rs. In Crores)

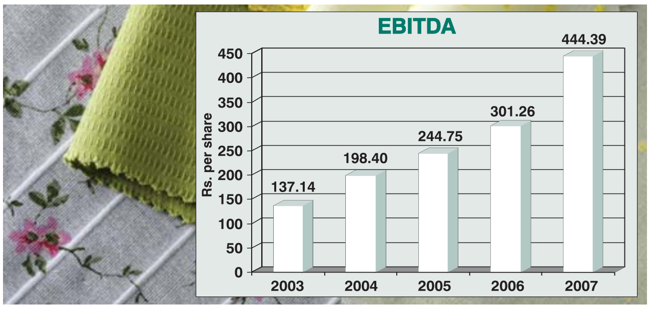
Particulars	2006-07	2005-06	2004-05	2003-04	2002-03
Operating profits					
Net Sales	1,824.68	1,420.70	1,224.50	1,068.85	795.41
Operating Profit[EBITDA]	410.96*	301.26	244.75	198.40	137.14
Depreciation	123.04	80.48	57.56	38.28	25.42
Misc. Exp. W/off	-	-	-	1.15	0.85
PBIT	287.92*	220.78	187.19	158.97	110.87
Interest	89.04	66.78	63.68	66.40	51.51
PBT	198.88*	154.00	123.51	92.57	59.36
PAT	135.18*	109.21	89.25	71.08	42.31
Cash Profit	258.22	189.69	146.81	110.51	68.58
Dividend	28.75	30.20	27.92	11.65	7.04
Net Cash Accruals	229.47	159.49	118.89	98.86	61.54
Financial Position					
Gross Fixed Assets	2954.20	2,121.89	1,047.57	690.84	453.59
Net Fixed Assets	2583.80	1,874.24	879.27	579.53	380.39
Current Assets	1,992.66	1,403.87	1,359.21	846.68	593.15
Investments	219.49	39.70	7.85	4.07	4.07
Total Assets	**4,795.95**	**3,317.81**	**2,246.33**	**1,430.28**	**977.61**
Equity Share Capital	170.37	157.47	134.02	88.23	87.69
Reserves & Surplus	854.07	650.06	460.73	218.00	162.73
Miscellaneous Expenses	-	-	-	-	1.15
Net worth	**1,024.44**	**807.53**	**594.75**	**306.23**	**249.27**
Share Application Money	-	-	-	18.10	-
Share Warrants	-	-	3.32	3.32	-
Tangible Net Worth -(1)	**1,024.44**	**807.53**	**598.07**	**327.65**	**249.27**
Deferred tax liability -(2)	141.82	100.10	75.10	50.52	36.33
Total Long Term Borrowings					
Preference Share Capital	-	68.00	84.33	83.67	5.00
Secured Loans	2,049.13	1,392.13	823.89	371.48	262.70
Unsecured Loans	6.48	61.32	17.63	19.97	15.95
Foreign Currency Convertible Bonds	202.87	220.63	-	-	-
	2,258.48	**1,742.08**	**925.85**	**475.12**	**283.65**
Total Short Term Borrowings					
Secured Loans	215.00	85.00	102.08	75.00	27.80
Unsecured Loans	294.36	62.34	61.77	50.77	34.43
Working Capital Borrowings	568.92	323.08	313.54	301.20	203.29
	1,078.28	**470.42**	**477.39**	**426.97**	**265.52**
Total Borrowings - (3)	**3,336.76**	**2,212.50**	**1,403.24**	**902.09**	**549.17**
Total Current Liabilities					
Current Liabilities & Provisions - (4)	292.93	197.68	169.92	150.02	142.84
Total Liabilities (1 to 4)	**4,795.95**	**3,317.81**	**2,246.33**	**1,430.28**	**977.61**
EPS	9.70	6.68	7.25	7.90	7.36
CEPS	16.99	12.61	12.68	12.53	12.07
Book Value	60.13	51.28	44.38	34.70	28.43

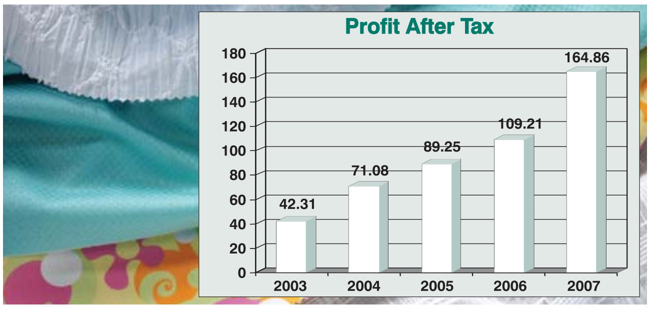
*Excludes forex gain of Rs. 33.43 crores.

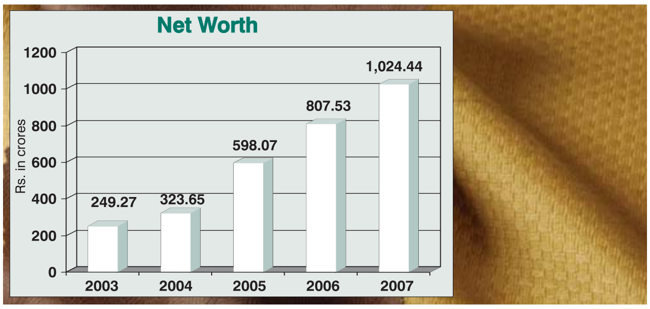
Particulars	2006-07	2005-06	2004-05	2003-04	2002-03
Profitability Ratios					
Operating Profit Margin (%)	22.52%*	21.21%	19.99%	18.56%	17.24%
Profit Before Tax Margin (%)	10.90%*	10.84%	10.09%	8.66%	7.46%
Profit After Tax Margin (%)	7.41%*	7.69%	7.29%	6.65%	5.32%
Return on Quasi Tangible Net worth (%)	13.11%	12.45%	13.32%	21.16%	16.73%
Return on capital Employed (%)	8.41%	8.33%	11.71%	18.63%	19.48%
Gearing Ratios					
Debt - Equity (Long Term) **	1.44	1.50	0.72	0.97	1.04
Debt - Equity (Total Debts) **	2.49	2.08	1.52	2.27	2.11
Total Debt / EBITDA **	6.21	5.57	3.70	3.75	3.83
*(Net of Cash and Bank Balances)					
Current Ratio	1.45	2.10	2.10	1.47	1.45
Liquid Ratio	1.11	1.57	1.54	1.11	0.77
Coverage Ratios					
PBDIT/Interest	4.62	4.51	3.84	2.99	2.67
Net Fixed Assets/Secured Loans	1.46	1.56	1.44	1.56	1.45
W/Capital Turnover Ratio	0.34	0.52	0.58	0.25	0.23
Debtors Turnover – Days	109	91	120	148	122
Inventory Turnover - Days	93	92	108	70	128

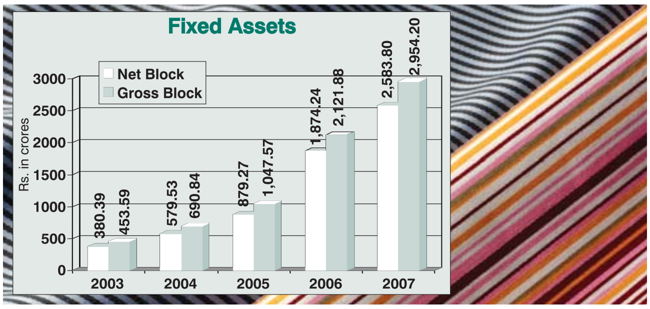
* Excludes forex gain of Rs. 33.43 crores
** Debt net of Cash and Bank Balances











Dear Shareholders:

Your Directors have pleasure in presenting the Twenty-first Annual Report of the Company together with the Audited Accounts for the year ended 31 March 2007.

Operations

Your Company, during the year under review, leveraged global opportunities to achieve another year of sustained growth. Sales grew by 28.44% over the last year to Rs. 1,824.68 crores; profit before tax (PBT) grew by an even more impressive 50.85% to Rs. 232.31 crores, inclusive of foreign exchange gain of Rs. 33.43 crores. Your Company's efforts to build a global client base is aptly reflected in its export performance, with the current year's export sales of Rs. 641.71 crores, showing an increase of 62.64% over last year.

A detailed note on the performance of the company for the year under review is given in the 'Management Discussion and Analysis', which forms a part of this Directors' Report.

The financial highlights of your Company during the year under review are given in Table 1 below.

Table 1: Financial Highlights: Stand-Alone and Consolidated

(Rs. in crores)

Particulars	Stand alone		Consolidated	
	2006-07	2005-06	2006-07	2005-06
Sales / Job charges (net of excise)	1,824.68	1,420.70	1,824.68	1,420.70
Other Income	37.30	5.14	37.32	5.14
Total Income	1,861.98	1,425.84	1,862.00	1,425.84
Total Expenditure	1,417.59	1,124.58	1,417.64	1,124.58
Profit before interest, depreciation & taxes	444.39	301.26	444.36	301.26
Interest	89.04	66.78	89.04	66.78
Depreciation	123.04	80.48	123.04	80.48
Profit Before Tax	232.31	154.00	232.28	154.00
Provision for Taxation – Current	(25.94)	(15.57)	(25.95)	(15.57)
- MAT credit entitlement	1.11	-	1.11	-
- Deferred	(41.72)	(28.52)	(41.72)	(28.52)
- Fringe Benefit Tax	(0.90)	(0.70)	(0.90)	(0.70)
Profit After Tax	164.86	109.21	164.82	109.21
Add: Balance brought forward	129.84	101.55	129.84	101.55
Add: Excess/(Short) provision of tax in respect of earlier year	(0.16)	0.08	(0.16)	0.08
Less: Provision for deferred tax for earlier years	-	-	-	-
Balance available for appropriation	294.54	210.84	294.50	210.84
Add / (less): Dividend earlier years	0.39	2.08	0.39	2.08
Dividend: Equity	23.85	18.90	23.85	18.90
Preference	0.74	7.59	0.74	7.59
Tax on Dividend	4.16	3.71	4.16	3.71
Transfer to Capital Redemption Reserve	-	-	-	-
Transfer to Debenture Redemption Reserve	-	22.88	-	22.88
Transfer to General Reserve	50.00	30.00	50.00	30.00
Balance carried to Balance Sheet	216.18	129.84	216.14	129.84

The sales performance of all the divisions of your Company, their share in the overall business and their growth over last year are reflected in Table 2 below.

Table 2: Division-wise Sales Performance: 2006-07 vs. 2005-06 (Rs. in Crores)

Particulars	Total Sales for the year ended 31 March 2007	% to Total Sales	Total Sales for the year ended 31 March 2006	% to Total Sales	Growth 2007 v 2006
Cotton Spinning	84.14	4.61%	-	-	-
Apparel Fabric	896.82	49.15%	728.01	51.24%	23.19%
Home Textiles	334.59	18.34%	309.55	21.79%	8.09%
Texturising Yarn	480.10	26.31%	368.23	25.92%	30.38%
Garments	29.03	1.59%	14.91	1.05%	94.70%
Total	**1,824.68**	**100.00%**	**1,420.70**	**100.00%**	**28.44%**

Dividend

Your Directors have recommended a dividend of Re.1.40 per equity share of Rs. 10/- each (previous year Rs.1.20) for the financial year ended 31 March 2007 and seek your approval for the same. If approved, the total amount of dividend to be paid to the equity shareholders will be Rs.23.85 crores (excluding tax of Rs 4.05 crores) as against Rs.18.90 crores paid last year (excluding tax of Rs. 2.65 crores).

The payout on account of dividend on preference shares will be Rs. 0.74 crores (excluding tax of Rs. 0.11 crores) as compared to Rs. 7.59 crores (excluding tax of Rs. 1.06 crores) paid last year.

Capital

During the year under review, your Company allotted (i) 17,55,978 equity shares of Rs.10/- each on conversion of 1% - 55 Foreign Currency Convertible Bonds of USD 50,000 each together with interest at a premium aggregating to Rs.10.81 crores; and (ii) 1,11,47,540 equity shares of Rs.10/- each on conversion of 10% - 6,80,00,000 Optionally Convertible Preference Shares aggregating to Rs.56.86 crores.

After considering the aforesaid additions to equity, as on the date of this Report, the paid up equity capital of the company stands at Rs. 170.37 crores comprising of 17,03,71,974 equity shares of Rs. 10/- each.

Reserves

Your Company proposes to transfer Rs. 50.00 crores to general reserves out of the balance available for appropriation; therefore, after the proposed dividend payout and transfer to general reserves, the balance of the Profit & Loss Reserve would stand at Rs. 216.18 crores. At the end of the financial year, the total reserves of the Company stood at Rs. 854.07 crores; the corresponding figure at the end of the previous year was Rs. 650.06 crores.

Loans

During the year under review, your Company has raised incremental debt, both secured and unsecured by way of rupee loans, foreign currency term loans and non-convertible debentures agreegating to Rs. 1,192.26 crores. During the year, an ECB of JPY 11.8 billion (equivalent to USD 100 million) had been raised and prepaid and your Company has made a foreign exchange gain of Rs. 33.43 crores upon the repayment.

Capital Expenditure

Your Company's expansion drive under Phase I and II aggregating to Rs. 1,175 crores stands commissioned. These two phases of expansion added capacities to your Company's wider and apparel width weaving, wider and apparel width processing, knitting and knit processing, garmenting, made-ups and terry towels (to be completed) and yarn dyeing apart from commencing spinning. Capital expenditure was also incurred on account of expanding texturising and POY capacities.The Company also embarked on Phase III and Phase IV of expansion projects of agreegating to Rs. 1100 crores and Rs. 1180 crores respectively. Details of these are available in the appropriate sections of the Management Discussion & Analysis.

Subsidiary Companies and Consolidated Financial Statements

At the end of the financial year under review, your Company had three subsidiaries:

1. Alok Industries International Ltd. (AIIL): incorporated in the British Virgin Islands
2. Alok Infrastructure Private Ltd (AIPL)
3. Alok Inc.: incorporated in the state of New York, USA

In terms of section 212 of the Companies' Act, 1956, a copy of the Balance Sheet, Profit & Loss Account, Reports of the Board of Directors and Auditors of each subsidiary company have been attached separately and form a part of this Annual Report.

Further, in compliance with the Listing Agreement with the stock exchanges, the consolidated financial statements have been prepared by the Company in accordance with the relevant accounting standards issued by the Institute of Chartered Accountants of India. The audited consolidated financial statement, together with the Auditor's Report thereon also forms a part of this Annual Report.

Strategic Initiatives

As a part of its initiatives to unlock shareholder value and capitalise on growth opportunities through wholly owned subsidiaries. Garmenting, domestic retailing, international business and infrastructure would be managed in these subsidiaries; the parent company would continue with Spinning, Apparel Fabrics, Home Textiles and Polyester Yarn manufacturing.

Garmenting: The garmenting business shows significant potential, and, in order to capitalise on this opportunity, your Company proposes to hive off its current garmenting division into a separate wholly-owned subsidiary. This would take over and increase the current garmenting to a level of 22 million pieces; subsequent enhancement of capacities would be undertaken through a 'step-down' model with joint venture partners.

Domestic Retailing: During the year, Alok has started operations in the retail segment. 'H & A' is a unique concept store, where Alok sells not only garments but home textiles as well – all under one roof. Your Company today has 14 'H & A' stores in major metro cities and plans to roll out 500 stores within the next 3 years. The range of products includes fabrics, garments, embroidered fabric, 'salwar kameez dupatta' (SKD) sets, saris, bed linen and terry towels.

International Business: AIIL has acquired a 60% stake in Mileta a.s., a company based in the Czech Republic manufacturing high end yarn dyed shirting fabrics, handkerchiefs, table linen, batistes and damasks. AIIL has the option to raise the stake to about 80% over the next five years.

AIIL has also signed an exclusive license agreement with New York, NY headquartered AISLE 5, LLC for its portfolio of lifestyle brands like *aworld, Cotton + Clay etc*. Under this multi-year license, the Company has the rights to manufacture and distribute Bath, Sleeping, Dining and Home Décor textile products specifically: sheets, pillow cases, blankets, duvets, robes, bathmats, towels, table linens, decorative pillows through supermarket retail stores in the United States and Canada. This provides a unique opportunity for the Company to participate in building of a new and large channel of distribution in the USA.

Infrastructure: AIPL is setting up a Textile SEZ in Silvassa and is awaiting the final approval from Government of India in this regard. AIPL has also acquired following properties: (i) Office premises admeasuring around 575,000 square feet at Lower Parel, Mumbai in an office complex called 'Peninsula Business Park" being developed by Peninsula Land Holdings Limited at the erstwhile "The Dawn Mills Limited"; (ii) Office premises at Ashford Centre admeasuring about 57,000 square feet at Lower Parel, Mumbai being developed by Ashford Universal.

More details about these initiatives are contained in the Management Discussion & Analysis.

Awards, Licenses and Certificates

During FY 2007, Alok won a number of awards and certifications, a summary of which is given below. These are a sign of the Company's growing stature in the international market, as well as a reflection to its constant commitment to producing the best quality of goods.

Awards & Certificates: Recognition of Alok's growth and consistent performance.

1. 'Texprocil' Silver Trophy for the highest fabric exports from India.
2. 'Texprocil' Bronze Trophy for the highest 'made ups' exports from India.
3. Award from the All India Exporters Chamber in recognition of the role played by the Company in the development of exports of 'made ups'.
4. 'Certificate of Excellence' by Kohl's Department Stores for partnership and teamwork.
5. Certificate from Control Union Certification, Netherlands: Alok's weaving, knitting and processing plants are as per 'Skal international Standards for Sustainable Textile Production' for the processing of natural fibres.
6. Control Union Certificate for 100% organic products issued by CU Inspection P. Ltd., Netherlands
7. Fair Trade Licence for use of their cotton by Fair Trade label organisation (FLO), Germany.
8. 'Supima' licence for use of their cotton in manufacture of woven and knitted fabrics.
9. ISO 9001:2000 certifications for Vapi, Silvassa (weaving and knitting) and Pawane plants, along with Corporate Office.

(Some of the above certificates may be reproduced in the Annual Report in this section)

Environmental Sustainability

Your Company also continues to pursue its mission for environmental excellence and constantly explores opportunities to improve ecology and the environment.

With an increasing concern towards ecology and global warming, consumers are favouring organic and eco-friendly textile products. Therefore, the demand for organic cotton is accelerating with brands and retailers continuing to implement long term commitments to increase the use of organic cotton. Some of the leading international brands are already selling organic lines and others are expected to introducing organic cotton products shortly.

Your Company has also taken active steps to promote the use of organic cotton. It has tied up for contract farming spread over 140,000 acres for exclusive supply of Organic and Fair Trade Cotton (approx 175,000 bales) duly certified by SKAL and ECO CERT. This is part of the Company's initiative to ensure sustainable resources of raw materials, a fair price for the farmers and also to promote the organic cotton movement in the country.

Presence of over 300 delegates reflected high importance of the seminar for the industry.

Mr. Dilip Jiwrajka, Managing Director - Alok, addressing the delegates at the seminar.

Globally renowned retail brands have adopted regions for organic contract farming. Your Company is also a part of this initiative. Organic cotton grown in West Africa is going to be converted to yarn and fabric by your Company; the fabric will then be sent to garment converters for shipment of garments to marquee brands in Europe and the Americas.

Dissemination of information and educating a broader audience about the benefits of this change and emerging business opportunity is also an imperative. Appreciating this, your Company organised a one-day conference titled 'Understanding evolving eco issues in textiles' in Mumbai on 23 June 2007. The conference was very well-attended, with international participation. The Textile Commissioner, Government of India, presided over the function as the Chief Guest, with organic cotton experts, processing technologists and experts in the field sharing their perspective on the topic.

Corporate Governance

A separate report on Corporate Governance is enclosed as a part of this Annual Report. A certificate from the Statutory Auditors of the Company regarding compliance with Corporate Governance norms stipulated in Clause 49 of the Listing Agreement is also annexed to the report on Corporate Governance.

Fixed Deposits

Fixed Deposits with your Company as at year-end were Rs.0.29crores. None of these deposits had matured for payment and consequently there were no unclaimed deposits till the date of this Report.

Insurance

All the insurable interests of your Company including inventories, buildings, plant and machinery are adequately insured.

Directors

Mr. Ashok G. Rajani and Mr. K. R. Modi will retire from office by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for reappointment. A brief resume, expertise and details of other directorship of these Directors, as stipulated in Clause 49 of the Listing Agreement, is provided elsewhere in this Annual Report.

Directors' Responsibility Statement

As stipulated in Section 217(2AA) of the Companies Act, 1956, your Directors subscribe to the "Directors' Responsibility Statement' and confirm that:

i) in the preparation of the annual accounts for the financial year ended 31st March 2007, the applicable Accounting Standards have been followed and there has been no material departure;

ii) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2007 and of the profit of the Company for the year on that date;

iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) the Directors have prepared the annual accounts for the financial year ended 31st March 2007 on a 'going concern' basis.

Auditors and Auditors' Report

The observations made in the Auditors' Report are self-explanatory and therefore, do not call for any further comments under section 217(3) of the Companies Act, 1956.

The retiring Auditors of the Company, M/s. Gandhi & Parekh, are eligible for re-appointment and have indicated their willingness to accept re-appointment. In terms of Section 224A of the Companies Act, 1956, their re-appointment needs to be approved by the members and their remuneration has to be fixed.

Cost Auditor

Pursuant to the directives of the Central Government under the provisions of Section 233B of The Company's Act, 1956 and subject to the approval of the Central Government, M/s B.J.D. Nanabhoy & Co., Cost Accountants, Mumbai have been appointed as Cost Auditors to conduct cost audit relating to the products manufactured by the company.

International Accountants

Deloitte Haskins & Sells, Member – Deloitte, Touche & Tohmatsu International (DTTI) appointed as International Accountants of the Company have submitted the report to the Board of Directors for the year under review and the same forms a part of this report for the information of members. They have also recast the Indian accounts as per the International Accounting Standards (IAS).

Human Resources

The information required on particulars of employees as per Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 forms part of this report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to all shareholders of the Company excluding the Statement of Particulars of Employees. Any shareholder interested in obtaining a copy of the said statement may write to the Company Secretary at the Corporate Office of the Company.

More details on the Human Resources function of your Company and its various activities are given in a separate section in the attached Management Discussion & Analysis.

Your Directors appreciate the significant contribution made by the employees to the operations of the company during the year.

Conservation of Energy, Technology absorption, Foreign Exchange earnings and outgo

The particulars as prescribed under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are attached as Annexure "A" to this report.

Acknowledgements

Your Directors wish to place on record their appreciation of the dedication and commitment of your Company's employees to the growth of your Company. Your Directors wish to thank the Central and State Governments, Financial Institutions, Banks, government authorities, customers, vendors and shareholders for their continued co-operation and support.

For and on behalf of the Board

Ashok B. Jiwrajka
Executive Chairman

Place: Mumbai
Dated: 31st July 2007

Additional Information as required under the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988:

(A) CONSERVATION OF ENERGY

(a) Energy conservation measures taken:

Your Company has been proactively seeking measures to conserve energy through innovation in order to reduce wastage and optimise consumption. Regular energy audits are conducted to review the benchmarks and standards established. Employees are encouraged to give suggestions that will result in energy saving. Concurrent measures are adopted such as :

- Mechanical operated turbo type roof ventilators for natural ventilation installed on roof, for entire process house and utility areas to remove hot air/moisturized air working on atmospheric wind velocity without consumption of electrical power;
- Synchronization of steam turbine power and DG plants to facilitate shifting of part / full electrical load against each other in case of any emergency thus avoiding power failure;
- Installation of cooling water recovery system where water from machines is collected and reused for process requirements;
- Rain water harvesting;
- Use of energy saving lighting arrangement on shop floor and roads within factory premises;
- Optimum use of compressors during shut down during lean periods of operations;
- Monitoring of high energy consuming equipments closely for better control;
- Regular checking and monitoring of electrical load on all motors and repair of the defective ones;
- Installation of power factor controllers / capacitors to conserve energy;
- Inspection and immediate rectification of air leakages in Weaving, Knitting & Preparatory;
- Installation of centralized cooling tower for saving of energy of C.T. Fans & C.T. Pumps;
- Use of Frequency drives in spray pump of HVAC plant for saving energy;

(b) Additional investment and proposals being implemented for reduction of consumption of energy:

Your company has planned several measures, which are at various stages of implementation. Some of them are:

1) Implementation under progress of fuel conversion from Furnace Oil to Natural Gas, which will not only help reduce the cost of fuel consumption for producing Power/Steam/Oil heating etc. but also reduce emission of less environment friendly gases;
2) 50 MW Power plant being set up at Silvassa for reliable captive supply and reducing cost;
3) Conducting periodic energy audits;
4) Monitoring and increasing scale and scope of measures taken in the past.

Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

The above measures initiated / being initiated for energy conservation have resulted in improving the energy efficiency at all plants and savings in consumption of power and the cost of production. Your company will continue to iimplement planned measures for optimization of energy conservation and efficiency.

FORM "A"

Form for disclosure of particulars with respect to conservation of energy.

A) Power and Fuel Consumption		
1) Electricity Purchased	**2006-07**	**2005-06**
Units	131,935,051	118,789,232
Total amount (Rs. in crores)	39.32	33.55
Average Rate/Unit (Rs.)	2.98	2.82
2) a) Own Generation through Diesel Generator Set	**2006-07**	**2005-06**
Units	1,761,699	5,557,467
Total amount (Rs. in crores)	1.75	5.51
Average Rate/Unit (Rs.)	9.94	9.92
3) a) Own Generation through Co-generation	**2006-07**	**2005-06**
Units	26,558,023	7,069,101
Total amount (Rs.in Crores)	9.57	6.97
Average Rate/Unit (Rs.)	3.60	9.86
b) Furnace Oil consumed per boiler		
Total amount (Rs. in crores)	39.10	20.76
B) Consumption per unit of production	**2006-07**	**2005-06**
a) Yarn (Kgs.)	61,096,295	48,391,745
Units Consumed (per kg.)	1.07	1.33
b) Fabric- Knits (Kgs.)	5,149,414	2,785,387
Units Consumed (per kg.)	0.58	0.82
c) Fabric Woven (Mtrs.)*	23,750,797	46,288,622
Units Consumed (per Metre.)	2.40	0.98
d) Processing- Woven (Mtrs.)	17,668,034	12,864,648
Units Consumed (per kg.)	1.79	1.29
e) Processing- Knits (Kgs.)	1,519,857	1,711,814
Units Consumed (per kg.)	1.79	1.29
f) Garments (Pieces)	2,204,245	1,204,987
Units Consumed (per Pieces.)	0.17	0.29
* Includes part of the activities carried outside.		
FORM "B"		
B) Technology Absorption	**2006-07**	**2005-06**
C) Foreign Exchange Earnings and Outgo	**2006-07**	**2005-06**
i) Total Earnings of Foreign Exchange	608.17	365.66
ii) Total outgo in Foreign Exchange		
Foreign Travel	5.80	0.42
Technical Consultancy Fees/Upfront fees/Others	-	0.29
Purchase of Capital Goods	278.77	294.82
Purchase of Spares	4.12	2.08
Purchase of Raw Materials	33.99	2.65
Interest on Foreign Currency Term Loans and Exchange Difference	14.80	4.32
Dividend Remitted in Foreign Currency (Pref. Shares)	4.01	3.55
Internet Expenses	0.33	0.22
Legal & Professional Expenses	0.73	0.56
Testing & Laboratory Expenses	0.15	2.63
Commission	1.00	0.84
Advertisement Expenses	0.15	-

General Overview

2006 was a year of broad-based global economic growth among both developed and developing countries. Despite some early signs of a possible slowdown in the first quarter of 2007, the USA grew its GDP by 3.3% in 2006. Led by Germany and Spain, the Euro Zone achieved a smart turnaround and closed 2006 with 3% growth. Even Japan seemed to have decisively come out of a decade of deflation — and grew by 2.3% during 2006.

Asia's growth rate was significantly higher. Led by China's 10.7% GDP growth, developing Asia recorded a growth rate of 9.4% — it's highest in the last 10 years. With China expected to maintain the same scorching pace in 2007, and India to grow at a forecasted rate of 8.5%, the economic situation for Asia looks positive.

India's had an excellent economic performance over the last few years. In 2006-07 (or FY2007), India achieved GDP growth of 9.4%, which followed 9% growth of the previous year. The compounded annual growth rate (CAGR) of the last four years is now over 8.6%. The worry about rising inflation has now abated. Outward direct investment from India is also growing– a sign that Indian corporates are keen to and have the required financial muscle to invest in other economies. Some estimates predict that in 2007-08, India's outward FDI may exceed its inward FDI.Buoyant tax revenues have contributed to a steady reduction in overall fiscal deficit. Although interest rates hardened considerably throughout FY2007, there are signs that the period of credit and money supply tightening is coming to an end. According to most economists, India is poised to grow at around 8.5% in FY2008.

Industry Overview

This environment of global and Asian growth has also contributed to a growing trade in textiles and clothing, which has been increasing at around 6% per year over the last five years. With the removal of quotas since 2005, global textiles and clothing trade is expected to grow at the same annual rate - from USD 480 billion in 2005 to USD 650 billion in 2010, accompanied by an increasing shift in favour of relatively lower-cost Asian producers.

In quantitative terms, India is the second largest producer of textiles and garments, after China; and it is also the world's second largest cultivator of cotton. Textiles contribute to 17% of the total Indian exports and to approximately 4% of the GDP. Clothing accounts for approximately 50% of the total textiles business. USA, the EU, Canada, the U.A.E., Japan, Saudi Arabia, Republic of Korea and Turkey are major importers of Indian textiles. With a re-imposition of quotas on China by the USA and the dismantling of weaving, spinning and processing facilities in the USA and in the EU, the growth in exports from India is expected to continue.

In FY2006, India's textiles and clothing exports grew by almost 22% to USD 17 billion. With the right kind of investments in the industry, it is quite possible for textiles and clothing exports to grow at an annual rate of 20% over the next five years.

India's domestic textile market has grown at a 4-year CAGR of 6.4% to USD 34 billion in 2006. Apart from the overall growth in the economy, the growth in domestic textiles demand has been fuelled by: (a) increased retail penetration; (b) higher disposable incomes; (c) increase in the number of nuclear families; and (d) growth in tourism and healthcare, which, in turn, has generated higher demand for the home textile segment. The domestic market is expected to grow at a CAGR of 9%.

Investments for 2006 have been estimated at USD 6 billion, an increase of 71% over 2005. These have mainly been used for increasing production capacities. The industry is becoming more organised and favouring large-scale manufacturers. Indian firms have also been investing in companies located in developed economies.

India can be a significant global player in textiles. However, for it to do so, some challenges need to be addressed.

- **Creating economies of scale**. Overseas buyers prefer to source from large manufacturers that can quickly deliver changing designs and high volumes; this 'speed to market' is a function of large capacities and high production efficiencies. With China as a large-scale exporter at one end, and the low-cost, low-margin Asian exporters at the other, Indian textile exports can grow only if the volume and delivery capabilities are enhanced. If the Government of India's target of USD 45 billion exports by 2010 is to be achieved and the industry size is to reach USD 95 billion, it is estimated that the textiles industry will need USD 30 billion of investments. With USD 6 billion of investments in 2006, the signs look positive.

- **Meeting infrastructural constraints**. India ranks behind developed and other Asian countries in infrastructure development, especially road and port facilities. Also, the high cost of power and its intermittent supply creates production bottlenecks. With a growing emphasis on infrastructure development and the industry's increasing self-reliance on power generation, this is an area, which is being fast addressed.

- **Technology absorption.** Though rapidly improving, a low proportion of Indian looms are shuttle-less, and the majority of India's total cloth production and processing is in the unorganised sector. Technology absorption on a pan-industry basis will be dependent upon the larger players being proactive in absorbing newer technologies and ramping up production efficiencies.

- **Human resources**. A shortage of skilled 'textile specific' people is going to be a hurdle to growth unless concrete measures are undertaken to plug this gap. Stringent labour laws also make it difficult for flexible employment generation.

Company Performance: Highlights

FY 2006-07 was year of sustained performance for Alok Industries Limited (‘Alok’ or ‘the Company’). Along with substantial increases in topline and profitability, the Company also took major strides in its journey of capacity expansion and integration through the textile value chain. Alok’s vision of becoming an ‘integrated textile solutions’ provider is well on its way to being realised – making it the ‘vendor of choice’ to its domestic and international clients.

Financial Performance: Stand-alone

The stand-alone financial performance of the Company is highlighted below.

Financial Highlights for 2006-07

- Income from operations grew 28.4% to Rs. 1,824.68 crores in 2006-07. This translates to a CAGR of 22.1% over the last three years.
- Export sales (inclusive of incentives) in 2006-07 increased by 62.6% to touch Rs. 641.71 crores.
- Operating earnings before interest, taxation, depreciation and amortisation (Operating EBITDA) grew by 36.4% to Rs. 410.96 crores. Including non-operating income of Rs. 33.43 crores in 2006-07, the EBITDA increased by almost 47.5% to Rs. 444.39 crores. These correspond to a 3-year CAGR of 29.6% and 34.7%, respectively.
- Operating profit before taxes (Operating PBT) grew by 29.1% to Rs. 198.88 crores in 2006-07. Including extraordinary income of Rs. 33.43 crores in 2006-07, the 2006-07 PBT is at Rs. 232.31 crores.
- Profit after tax (PAT), including extraordinary income, stood at Rs. 164.86 crores, representing a 50.9% rise over the previous year.
- The return on capital employed (ROCE) was 8.41% in 2006-07, from 8.33% during the previous year.
- Tangible net worth (TNW) has increased by 26.9% over last year to Rs. 1,024.44 crores. The return on net worth (RONW) was 13.11% in 2006-07 – up from 12.66% last year.
- The Company’s earnings per share (EPS) increased by 45.2% from Rs. 6.68 in 2005-06 to Rs. 9.70.
- The current book value per share stands at Rs. 60.13, up from Rs. 51.28 last year.

Table 1: Key Financial Indicators for the last three years

Particulars	2006-07	2005-06	2004-05	2006v2007	3- year CAGR
Net Sales	**1,824.68**	1420.70	1224.50	28.4%	22.1%
Exports	**641.71**	394.55	306.53	62.6%	44.7%
Operating EBIDTA [1]	**410.96**	301.26	244.75	36.4%	29.6%
EBIDTA	**444.39**	301.26	244.75	47.5%	34.7%
Operating PBT [1]	**198.88**	154.00	123.51	29.1%	26.9%
PBT	**232.31**	154.00	123.51	50.9%	37.2%
Operating PAT [1]	**135.18**	109.21	89.25	23.8%	23.1%
PAT	**164.86**	109.21	89.25	50.9%	35.9%
Gross Fixed Assets	**2,954.20**	2121.89	1047.57	39.2%	67.9%
Tangible Net Worth	**1,024.44**	807.53	594.75	26.9%	31.2%
Book Value per Share	**60.13**	51.28	44.38	17.26%	16.40%
EPS	**9.70**	6.68	7.25	45.2%	15.7%
ROCE	**8.41%**	8.33%	11.71%	0.96%	-
RONW	**13.11%**	12.66%	13.32%	3.55%	-

[1] ***Excludes forex gain of Rs. 33.43 crores for 2006-07***

Given below is the Company's detailed Profit and Loss Account for FY 2007.

Table 2: Detailed Financial Performance of Alok Industries Ltd on a stand-alone basis

Rs.in Crores

PARTICULARS		TWELVE MONTHS ENDED	
	31 Mar 2007	31 Mar 2006	Growth
NET SALES / INCOME FROM OPERATIONS	1824.68	1420.70	28.4%
OTHER INCOME	3.87	5.14	625.68%
EXTRAORDINARY INCOME	33.43	-	
TOTAL INCOME	**1861.98**	1425.84	30.6%
(INCREASE) / DECREASE IN STOCK – IN – TRADE	(65.33)	(20.59)	-
MATERIAL CONSUMPTION	1,109.20	868.74	
NET MATERIAL CONSUMPTION	**1,043.87**	848.15	23.1%
STAFF COST	47.97	28.04	71.1%
OTHER EXPENDITURE	325.75	248.39	31.1%
TOTAL EXPENDITURE	**1,417.59**	1124.58	26.1%
PROFIT BEFORE INTEREST & DEPRECIATION	**444.39**	301.26	47.5%
INTEREST	89.04	66.78	33.3%
DEPRECIATION	123.04	80.48	52.9%
PROFIT BEFORE TAX	**232.31**	154.00	50.8%
PROVISION FOR TAX – CURRENT	25.94	15.57	
– DEFERRED	41.72	28.52	
– FRINGE BENEFIT TAX	0.90	0.70	
– MAT CREDIT ENTITLEMENT	(1.11)		
PROFIT AFTER TAX	**164.86**	109.21	50.9%
PAID UP EQUITY SHARE CAPITAL	170.37	157.47	
RESERVE EXCLUDING REVALUATION RESERVES	**854.07**	650.06	
EARNING PER SHARE (Rs.)			
BASIC	9.70	6.68	
DILUTED	8.72	6.12	
AGGREGATE OF PUBLIC SHARE HOLDINGS			
NUMBER OF SHARES	119,364,507	111,952,153	
PERCENTAGE OF SHAREHOLDING	70.1%	71.1%	

- Sales of the Company grew from Rs. 1,420.70 crores to Rs. 1,824.68 crores representing a rise of 28.4% over the previous year.
- Growth in total income was 30.6% over last year, on the back of a Rs. 33.43 crores gain in exchange difference while repaying External Commercial Borrowings (ECB). This exchange difference income was generated through appropriate hedging strategies adopted by the Company, while taking into account a repayment of JPY 11.8 billion loan.
- Net material consumption as a percentage to sales went down to 57.2% in FY 2007 from 59.7% in FY 2006; thus reflecting greater cost efficiencies through the backward integration initiatives and better realisations.
- Increases in capacities and production facilities have also brought about increases in people needs. As stated earlier, Alok's headcount as on 31 March 2007 was 9,116 as against a headcount of 6,430 in 2005-06. This has contributed to the increase in manpower costs by 71.1% from Rs. 28.04 crores to Rs. 47.97 crores. Manpower costs as a percentage to sales also increased from 1.9% to 2.6%.
- Operating profit before depreciation, interest and taxation (Operating PBDIT) grew 36.4% over last year to Rs. 410.96 crores in FY 2007. Taking into account extraordinary income by way of exchange gain of Rs. 33.43 crores, the Company's overall PBDIT grew by 47.5% to Rs. 444.39 crores in 2006-07.
- Overall borrowings grew from Rs. 2,144.50 crores in 2005-06 to Rs. 3,336.76 crores in 2006-07, representing an increase of 55.6%. Consequently, interest costs went up by 33.3% from Rs. 66.78 crores in FY 2006 to Rs. 89.04 crores in FY 2007. Interest Cost as percentage to sales also increased to 4.88%, as compared to the previous year's figure of 4.70%.

- Alok's gross fixed assets have grown to Rs. 2,954.20 crores: a growth of 39.2% over the previous year's figures of Rs. 2,121.89 crores. This has been due to capitalisation of the Phases I & II projects and capital work-in-progress of the Phase III projects. Consequently, depreciation for the year has also increased by 52.9% over the previous year to Rs. 123.04 crores from last year's figures of Rs 80.48 crores.
- In spite of higher interest and depreciation charges, profit before tax (PBT) of the Company grew 50.9% over last year to Rs. 232.31 crores. Excluding the extraordinary income of Rs. 33.43 crores, the Operating PBT was Rs. 198.88 crores, which represents a healthy 29.1% growth over the previous year.
- Alok's overall tax impact for the year has increased by 50.6% over the previous year, from Rs. 44.79 crores to Rs. 67.45 crores, which is mainly on account of an increase in current and deferred taxes and is in line with the Company's increased profitability.
- Profit after taxes (PAT) rose to Rs. 164.86 crores in FY 2007, an increase of 50.9% over last year. In pure operating terms (excluding the post-tax value of extraordinary income), PAT has increased to Rs. 135.18 crores, an increase of 23.8% over last year.
- The Institute of Chartered Accountants of India (ICAI) has revised its Accounting Standard 15 (AS-15) regarding the method and items to be considered for charging as unclaimed employee benefits (medical, leave travel assistance and other encashable leaves). The Institute has also recommended a change in the method of computing the actuarial value of such future transactions. Although recommendatory for 2006-07, Alok has voluntarily complied with these recommendations.

A comparative analysis of Alok's key performance ratios on a stand-alone basis shall also prove useful. Table 11 gives the details.

Table 3: Alok Industries Ltd. – Key Ratios – 2007 vs. 2006

PARTICULARS	31.03.2007	2005-06
PROFITABILITY RATIOS		
EBITDA / NET SALES (%)	22.52% [1]	21.21%
PROFIT BEFORE TAX / NET SALES (%)	10.90% [1]	10.84%
PROFIT AFTER TAX MARGIN (%)	7.41% [1]	7.69%
RETURN ON NET WORTH (%) [RONW]	13.11%	12.66%
RETURN ON CAPITAL EMPLOYED (%) [ROCE]	8.41%	8.33%
BALANCE SHEET RATIOS		
NET DEBT (LONG TERM) / EQUITY	1.44 [2]	1.50
TOTAL DEBT / EQUITY	2.49 [2]	2.08
NET TOTAL DEBT / EBITDA	6.21 [2]	5.57
CURRENT RATIO	1.45	2.10
LIQUID RATIO	1.11	1.57
COVERAGE RATIOS		
PBDIT/INTEREST	4.62	4.51
NET FIXED ASSETS/SECURED LOANS	1.46	1.67
DEBTORS TURNOVER – DAYS	109	91
INVENTORY TURNOVER RATIO – TOTAL DAYS	93	92

[1] **EXCLUDES FOREX GAIN OF RS. 33.43 Crores**

[2] **DEBT NET OF CASH AND BANK BALANCES**

- Operating profit after tax margins showed a marginal decline over last year from 7.7% to 7.4%. This was mainly due to higher interest and depreciation cost for the Company.
- Return on capital employed (ROCE) is 8.4%. With production capacities due to stabilise and increase during FY 2008, ROCE is expected to improve.
- Return on net worth (RONW) increased to 13.1% - up from 12.7% last year.
- The debt equity ratio (net of cash and bank balances) of the Company has marginally increased from 2.08 to 2.49 – mainly on account of a net increase in borrowings. The gearing ratios are expected to improve once the benefits of the expansion projects start accruing to the Company.
- The PBDIT to Interest ratio is currently at 4.62, up from 4.51 last year. This is a very healthy number and reflects Alok's capability to service its interest obligations.
- Debtors' turnover days have marginally increased from 91 days to 109. This has been mainly on account of high fourth quarter sales. Reducing this number is an area of focus for the Company, and we expect that it will be brought down during FY 2008.

Financial Condition and Liquidity

Your company has generated cash from operations of Rs. 155.80 crores. During the year your company has invested Rs. 949.50 crores in fixed assets as part of the ongoing expansion programme. The cash balance has improved over the previous year and provides your company good liquidity. Table 4 gives the details.

Table 4: Financial Condition and Liquidity for the year ended 31 March 2007

(Rs. in Crores)

Particulars	2006-07	2005-06
Net cash provided / (used) by :		
Operating Activities	155.80	303.94
Investing Activities	(949.50)	(1,109.29)
Financial Activities	1,047.50	840.26
Net Cash Surplus	**253.80**	**34.91**
Cash & Cash Equivalents		
Beginning of the year	531.78	496.87
End of the year	785.58	531.78

Investments

Total Investments as on the balance sheet after are Rs.219.49 crores. the details of the same are given on table 5 below

Table 5: Statement of Investments **(Rs.in Crores)**

Sr. No.	particulars	Equity	Preference	Share Application	31.03.2007	31.03.2006
A)	**Investment in Subsidiaries**					
1	Alok Industries International Ltd.	0.22	22.05	81.58	103.85	-
2	Alok Infrastructure Pvt. Ltd.	0.05	-	57.78	57.83	-
3	Alok Inc.	0.04	-	-	0.04	-
	Sub-total	**0.31**	**22.05**	**139.36**	**161.72**	
B)	Investment in Grabal Alok Impex Ltd.				**3.99**	**3.99**
C)	**Other Investments at Cost**					
	in equity shares				8.55	7.81
	in bonds				12.22	17.00
	in mutual funds				33.01	10.90
	Total				**219.49**	**39.70**

The brief description of the subsidiaries of the company is given in the Table 6 below.

Table 6: Details of Subsidiaries

Name of Subsidiary	Business
Alok Industries International Ltd.	Wholly Owned Overseas subsidiary incorporated in British Virgin Islands for furthering Alok's interests in overseas markets
Alok Infrastructure Pvt. Ltd.	Wholly Owned Subsidiary set up for carrying out the real estate and infrastructure projects such as SEZ etc.
Alok Inc.	Wholly Owned Subsidiary incorporated in USA as a liaison office for the Company's Home textile business in the USA.

Consolidated Financial Performance

The consolidated financial performance of the Company, including its subsidiaries, is given in Table 7 next page.

Consolidated Financial Performance

The consolidated financial performance of the Company, including its subsidiaries, is given in Table 7 below.

Table 7 : Detailed Financial Performance of Alok Industries Ltd on consolidated basis. **(Rs.in Crores)**

PARTICULARS	TWELVE MONTHS ENDED		
	31 Mar 2007	31 Mar 06	Growth
NET SALES / INCOME FROM OPERATIONS	1824.68	1420.70	28.44%
OTHER INCOME	3.76	5.14	625.68%
EXTRAORDINARY INCOME	33.56	-	
TOTAL INCOME	**1,862.00**	1,425.84	30.59%
(INCREASE) / DECREASE IN STOCK – IN – TRADE	(65.33)	(20.59)	217.29%
MATERIAL CONSUMPTION	1,109.20	868.74	27.68%
STAFF COST	48.22	28.04	71.08%
OTHER EXPENDITURE	325.55	248.39	31.06%
TOTAL EXPENDITURE	**1,417.64**	1124.58	26.06%
PROFIT BEFORE INTEREST & DEPRECIATION	**444.36**	301.26	47.50%
INTEREST	89.04	66.78	33.33%
DEPRECIATION	123.04	80.48	52.88%
PROFIT BEFORE TAX	**232.28**	154.00	50.88%
PROVISION FOR TAX – CURRENT	25.94	15.57	
– DEFERRED	41.72	28.52	
– FRINGE BENEFIT TAX	0.90	0.70	
– MAT CREDIT ENTITLEMENT	(1.11)		
PROFIT AFTER TAX	**164.82**	109.21	50.92%
PAID UP EQUITY SHARE CAPITAL	170.37	157.47	
RESERVE EXCLUDING REVALUATION RESERVES	**852.68**	650.06	
EARNING PER SHARE (Rs.)			
BASIC	9.70	6.68	
DILUTED	8.72	6.12	

The subsidiaries of Alok were yet to be operationalised in a major way as on 31 March 2007. Hence, the consolidated financial figures are not significantly different from the stand-alone figures.

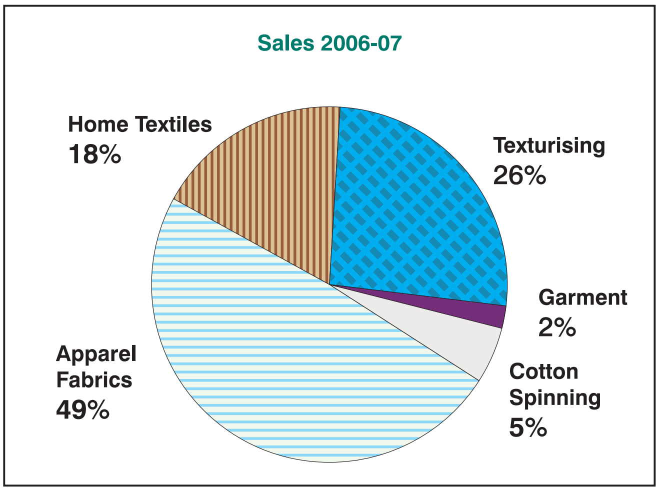
Divisional Performance

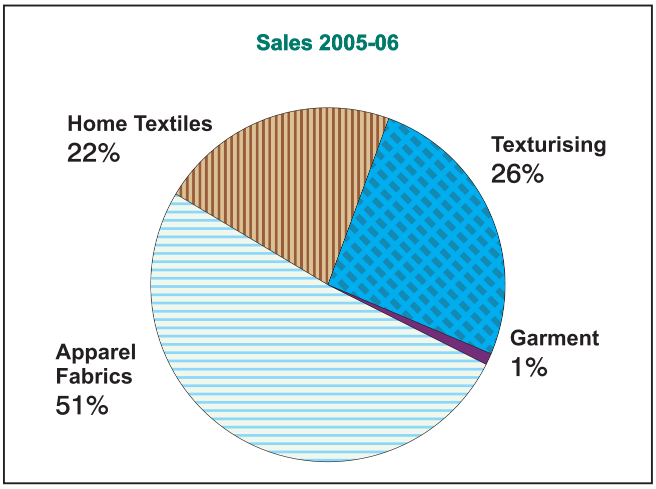
Alok, as an 'end-to-end' textile solutions provider, has five major divisions: Cotton Spinning, Apparel Fabric, Home Textiles, Garments and POY & Texturising. The share of business of each unit is given in Chart A below, and the subsequent paragraphs detail the nature and the performance of each of these divisions. Although, during FY 2006-07, the Company had made its foray into the retail business, the retail sales of Rs. 2.12 crores have been grouped into the sales of the other divisions. Table 8 details the divisional sales in a summarised form;Chart A gives the corresponding graphical representation.

Table 8: Summarised division-wise performance and growth - FY2007 vs. FY2006 **(Rs. in Crores)**

Particulars	Year Ended 31 March 2007				Year Ended 31 March 2006				Growth
	Local	Export	Total	% to Total Sales	Local	Export	Total	% to Total Sales	
Cotton Spinning		84.14	84.14	4.61%					
Apparel Fabric									
Woven	744.53	58.80	803.33	44.03%	626.58	39.47	666.05	46.88%	20.61%
Knitting	53.58	25.43	79.01	4.33%	35.47	13.24	48.71	3.43%	62.20%
Job Work	14.48	-	14.48	0.79%	13.25	-	13.25	0.93%	9.28%
	812.59	**84.23**	**896.82**	**49.15%**	**675.30**	**52.71**	**728.01**	**51.24%**	**23.19%**
Home Textile	1.62	332.97	334.59	18.34%	0.75	308.80	309.55	21.79%	8.09%
Garments	2.05	26.98	29.03	1.59%	0.33	14.58	14.91	1.05%	94.70%
POY & Texturising	366.71	113.39	480.10	26.31%	349.77	18.46	368.23	25.92%	30.38%
Total	**1,182.97**	**641.71**	**1,824.68**	**100.00%**	**1,026.15**	**394.55**	**1,420.70**	**100.00%**	**28.44%**

Chart A: Alok - Division-wise share of business in 2006-07 and 2005-06





Cotton Spinning

Alok consumes about 100 metric tonnes (MT) of cotton yarn per day in its production lines. This, thus, becomes a critical step in the textile value chain. To de-risk the overall business model, enhance cost efficiencies and also exploit business opportunities, Alok has ventured into cotton spinning.

Alok's state-of-the-art Spinning spinning facility at Silvassa

CEO (Spinning), Mr. Sapan Mukerjee at work

The first phase at Silvassa has an installed capacity of 50,400 spindles and 936 rotors, producing 7,250 MT per annum (TPA) of yarn. The Company proposes to set up an additional 201,600 spindles before the end of FY2008, increasing capacity to 22,250 TPA.

In order to secure the raw material for the cotton spinning division and establish market for cotton yarn, Alok has commenced trading operations in cotton and cotton yarn during the year.

Table 9: Performance of the Cotton Division – FY2007 vs. FY2006 **(Rs.in Crores)**

Particulars	Twelve Months Ended 31.03.07				Twelve Months Ended 31.03.06				Growth
	Local	Export	Total	% to Total Sales	Local	Export	Total	% to Total Sales	
Cotton	-	84.14	**84.14**	4.6%	-	-	-	-	-

Till the end of March 2007, the division had generated exports worth Rs. 84.14 crores, which represents 4.6% of the total revenues of the Company. Exports have been to Pakistan, China, Canada, Portugal and Vietnam. China and Turkey are expected to be important markets for this division. In the domestic market, Alok plans to address the yarn requirements of 'premium segment' fabric manufacturers.

Apparel Fabric

Apparel Fabric as a business is segregated into two major sections – weaving and knitting, both with back-end processing facilities. Alok's fabrics cater to international labels as well as to the top Indian exporters.

Weaving

Alok commenced weaving operations in 1991. Today, the Company's two units at Silvassa and Dadra have 1,160 looms (598 wider width looms; 564 apparel width looms), with a total capacity of 102.7 million metres – the largest shuttle-less weaving capacity in India. Alok manufactures a wide range of apparel width fabric - from coarse weaves to superfine weaves including plain, twill, drill, jacquard, satin and dobby. The Company is now focused on manufacture of value-added yarn dyed fabrics and trouser fabrics.

The removal of the quota system last year has thrown up major opportunities for India – especially in the garment export market. To cash in on these opportunities, Alok is expanding its weaving capacity for apparel fabrics by a further 288 looms with an additional installed capacity of approximately 25 million metres.

Knitting

Alok, which started its knitting operations in 1997 at Silvassa, currently has 171 machines, with a total installed capacity of 16,800 TPA. The knitted fabric is used for Alok's in-house demand for garments; it is also supplied to garment manufacturers for the domestic and the export markets.

With the clothing culture changing from a formal to a more casual look, even in office-wear, the knits business is expected to show significant growth in both menswear and ladies' garments. Alok has, therefore, planned a major expansion in capacity.

Processing

Indian garment exporters had always faced a shortage of high quality processed fabrics (both knit and woven). Alok addressed this issue by setting up modern, eco-friendly textile processing units in Navi Mumbai and Vapi. The Navi Mumbai unit has a capacity of 22.5 million metres p.a. of cotton/viscose woven fabrics and 3,000 TPA of cotton knitted fabrics. The Vapi unit is the largest processing unit in the country, with the widest range of processing capabilities. It has a capacity to produce 60 million metres p.a. of 'wider width' fabrics for home textiles as also 60 million metres p.a. of 'normal width' fabrics, which are mainly sold to garment exporters who are vendors for internationally acclaimed labels. Additionally, the Vapi unit has capacity for processing 13,800 TPA of knitted fabrics and 3,000 TPA of yarn dyeing.

The abolition of quotas has provided the fabrics business further scope for growth. The Company, therefore, is adding further processing capacity across all its product lines. Alok is also in the process of adding a 6,700 TPA terry fabric processing line, which is expected to start operations in FY 2008.

To bring designs and samples to fruition within the shortest possible lead time, Alok has also added a facility for textile designing and sample weaving. This allows the Company to develop design concepts in-house, as well as quickly translate a customer design into a sample.

Table 10: Performance of the Apparel Fabric Division – FY2007 vs. FY2006 **(Rs.in Crores)**

Particulars	Twelve Months Ended 31.03.07				Twelve Months Ended 31.03.06				Growth
	Local	Export	Total	% to Total Sales	Local	Export	Total	% to Total Sales	
Woven	744.53	58.80	803.33	44.0%	626.58	39.47	666.05	46.9%	20.6%
Knitting	53.58	25.43	79.01	4.3%	35.47	13.24	48.71	3.4%	62.2%
Job Work	14.48	-	14.48	0.8 %	13.25	-	13.25	0.9%	9.3%
Total	812.59	84.23	896.82	49.1%	675.30	52.71	728.01	51.2%	23.2%

On an overall basis, the division grew at 23.2% over last year to Rs. 896.82crores. The woven business grew 20.6% from Rs. 666.1 crores to Rs. 803.3 crores. Although currently occupying a relatively smaller share of the 'business pie', the knitting section showed 62.2% year-on-year growth to achieve Rs. 79.0 crores of sales. Knits are expected to grow substantially in the near future and contribute to a larger of the apparel fabric business.

Alok has been actively looking for opportunities for inorganic synergy, one of which is the Mileta acquisition.

Mileta's Weaving plant at Horice, Czech Republic

Overview of Mileta's facility at Horice, Czech Republic

The Mileta acquisition

In April 2007, Alok acquired 60% of the equity of Mileta, a 'top of the line' integrated textile entity situated in the Czech Republic. Mileta is one of the largest totally integrated textile enterprises in Europe. The company manufactures handkerchiefs, shirting fabrics, table linen and bed linen, brocade, damask, batiste with satin checks. It also produces jacquard handkerchiefs for Africa. Mileta exports 90% of its production to Europe, North and South America, Africa, Middle East, Far East and Australia, employs about 550 employees and has a turnover of USD 30 million.

Mileta brings four major advantages to Alok: (a) product know-how for producing high-value added fabrics; (b) product and design development support; (c) access to Mileta's markets, distribution chain and customer base; and, lastly, (d) the acquisition of Mileta's internationally recognised brands (Mileta, Erba, Cottonova, Lord Nelson and Wall Street), which would be introduced to both the Indian and international markets.

The Company has also been actively exploring new markets and developing new product categories for value-added apparel fabrics.

New Product Categories

So far, Alok has focused on the garment exports sector for its apparel fabrics. Alok has been also exploring avenues for growth in the emerging apparel fabric segments, among which are the following.

- **Work-wear,** encompassing industrial work-wear fabrics and garments: overalls, boiler suits, protective clothing, water resistant /fire retardant clothing, high visibility fabrics, etc. The Company is finding encouraging response from this area.
- **High value fashion fabrics**. Alok is currently exporting exclusive 'branded' fabrics with proprietary designs and pre-committed volumes to European designers and design firms. These fabrics fetch considerably higher realisation per metre due to the exclusive nature of their prints and designs.
- **Defence and institutional wear.** These are jungle prints for the armed forces, supply parachute fabric, flame retardant and infra-red retardant fabrics. This is a large volume business, driven through the 'tendering' process. Alok is in preliminary discussions and evaluation with the purchasers of such fabrics.

Alok believes in the sustainability of raw material resources, development of ecologically friendly products and supporting the farmer through fair trade practices and prices. To that effect, the Company has been at the forefront of manufacturing fabrics and garments out of organic cotton: an alternative that is not only more environment friendly but is also the way of the future. Major global buyers are increasingly shifting to 'organic cotton' products, for which they are willing to pay a premium. Alok has already been supplying organic cotton fabrics to global suppliers and converters for global garment labels. The Company wishes to increase its volume of organic cotton fabrics, and is also actively assisting farmers to transition to growing organic cotton. In fact, Alok already has an exclusive tie-up for buying approximately 175,000 bales of organic and 'fair trade' cotton: a move that would actively boost the 'organic cotton' initiative.

Home Textiles

Alok's is a leading player in this segment with a present capacity of 60 million metres per annum. The Company is currently India's largest producer and exporter of bed linen. India's shipments on the home textiles front have increased through the years – especially cotton textiles – and the Company feels that this segment is a major growth area, both in the domestic and in the international markets. Alok is, therefore, scaling up its capacity to 82.5 million metres per annum by the end of FY 2008, through the addition of one more continuous processing line and 378 looms.

Alok is also adding a terry towel manufacturing facility of 6,700 TPA at Vapi, which is expected to commence production by the end of FY 2008

Table 11: Performance of the Home Textiles Division – FY2007 vs. FY2006 **(Rs. in Crores)**

Particulars	Twelve Months Ended 31.03.07				Twelve Months Ended 31.03.06				Growth
	Local	Export	Total	% to Total Sales	Local	Export	Total	% to Total Sales	
Home Textiles	**1.62**	**332.97**	**334.59**	**18.3%**	0.75	308.80	**309.55**	21.8%	8.1%

The home textiles segment contributes 18.3% of the total revenues of the Company. Export sales grew by Rs. 24.17 crores in FY 2007, representing a growth of 8.1% over the previous year.

In the export market, the Company has notched up some impressive achievements during the last year. During the previous year, Alok has emerged as amongst the largest global exporter of bed-sheets to the US markets. Alok has also introduced 'top of the bed' lines into the

Alok's office and showroom at New York, U.S.A.

Product on Display at U.S.A. office

export market. The Company has also been working with clients for ongoing replenishment programmes, which would allow long-term production planning. In order to interact with retailers and purchasers at their point of convenience, Alok has also opened an office-cum-showroom in New York, USA.

Though the US is a major export market, Alok is also exploring opportunities in South America, Europe and Central European nations. The domestic market also offers significant growth opportunities for the Company's products.

Garments

Opportunities for growth in the garments business has been increasing, thanks to the removal of quotas and the growing acceptance of Indian garments manufacturers as suppliers of quality products at competitive prices. Looking at this, Alok entered this segment, with an initial capacity of 1 million pieces per annum. The current capacity of 8 million pieces per annum is being enhanced to 15 million pieces p.a. at Silvassa by FY 2008.

Alok manufactures knitted and woven outerwear garments – mainly ladies' tops, children wear and some menswear items. Over a short period of time, Alok has developed strong customer relationships with big 'fashion label' houses and retailers. These garments are designed according to the latest fashion trends and often according to specific designs mandated by the buyer.

Table 12: Performance of the Garments Division – FY2007 vs. FY2006 **(Rs.in Crores)**

Particulars	Twelve Months Ended 31.03.07				Twelve Months Ended 31.03.06				Growth
	Local	Export	Total	% to Total Sales	Local	Export	Total	% to Total Sales	
Garments	**2.05**	**26.98**	**29.03**	**1.6%**	0.33	14.58	14.91	1.2%	94.7%

Alok's garments business is driven through exports, though a small volume is now being sold through its in-house retail channel (about which we shall discuss in a separate section). During FY 2006-07, the garments business grew 94.7% over last year, reaching a value of Rs. 29.03 crores. Although this growth is on a small base figure, garments export is an area where Alok sees profitable business opportunities. Being a preferred/nominated supplier of apparel fabrics to international garment manufacturers, retailers and brands, the approval process for garments would become easier and faster.

80% of Alok's garment exports are sold in the EU countries, with the balance 20% to the USA. Alok has established 'supply relationships' with large retail chains in these markets.

As a strategic initiative and as a measure to accelerate growth in this segment, the Company proposes to spin off this division into a 100% subsidiary. Alok expects that this move will enhance shareholder value as well as sharpen operational focus. The subsidiary would also be involved in enhancing capacity through joint ventures using a 'step-down' model.

POY & Texturising

Alok's partially oriented yarn (POY) and texturising units are situated at Silvassa. The POY unit has a capacity of 54,000 TPA. The unit produces a wide variety of POY including 'high value-add' micro-filament yarn, most of which is used in Alok's draw texturising yarn (DTY) plant, with a small part of it being sold to third parties. Conversely, a small amount DTY is used in-house; most of the material is sold in the domestic and export markets.

The production of man-made filament yarn is approximately 1,180 million kgs per annum with a CAGR of 9.11% over a decade. There are a number of small spinning units who cater to the market; however, Alok is second largest player in the country in DTY production.

The Company feels that the demand for DTY will be on an upward curve in both the international and domestic markets; Alok plans to exploit this opportunity by increasing capacities over a period of time. Concurrently, the backward integration into POY has helped in cost reductions and improved margins for the division. Alok is also looking at manufacturing Polyethylene Terephthalate (PET) chips and enhancing POY capacity through the continuous polymerisation (CP) route to 182,500 TPA.

As on 31 March 2007, Alok had a 75,500 TPA capacity for texturising. Expansion of the texturising capacity to 118,000 TPA is already in the pipeline, which is expected to complete by the second quarter of FY 2008.

Table 13: Performance of the POY & Texturising SBU – FY2007 vs. FY2006 **(Rs.in Crores)**

Particulars	Twelve Months Ended 31.03.07				Twelve Months Ended 31.03.06				Growth
	Local	Export	Total	% to Total Sales	Local	Export	Total	% to Total Sales	
POY & Texturising	**366.72**	**113.39**	**480.11**	**26.3%**	349.77	18.46	368.23	25.9%	30.4%

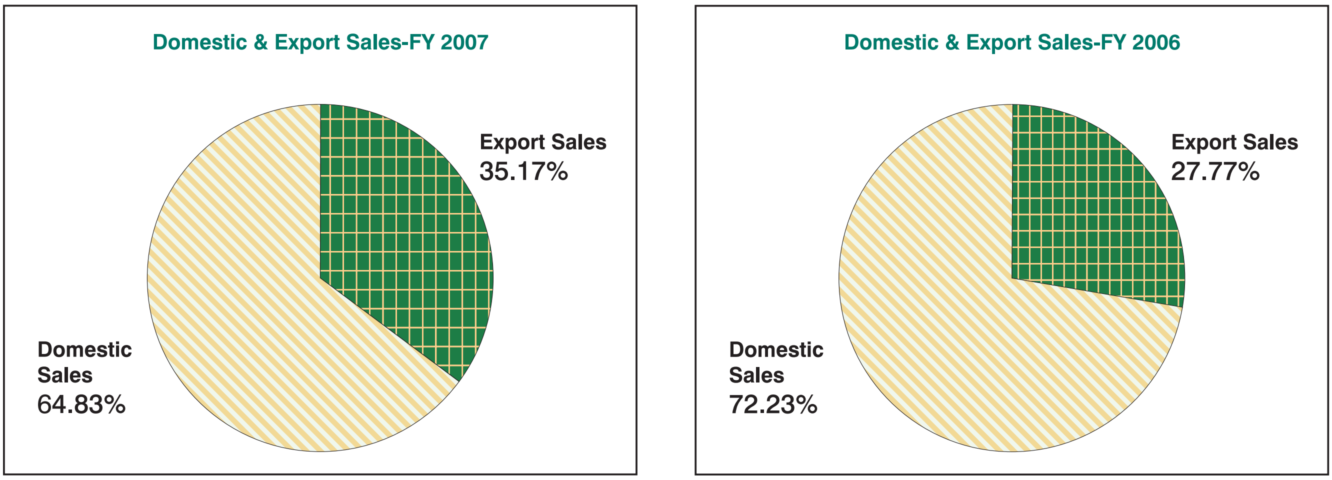
In FY 2007, this division grew 30.4% in value terms to Rs. 480.10 crores, mainly due to a large growth in export sales. During the year, Alok exported DTY to Latin America, Bangladesh and Turkey. Focus on exports also helped in gaining greater margins per tonne. As a result of its impressive growth, POY & Texturising increased its overall share of total revenues from 25.9% in FY 2005-06 to 26.3% in FY 2006-07.

Alok is looking to open up market opportunities for DTY in the East and Central European nations, and increase export volume of POY and DTY to the Middle East and North Africa.

Export Geographies

In FY 2007, 35% of Alok's revenue in its various divisions came from exports. This section analyses Alok's business by geographies.

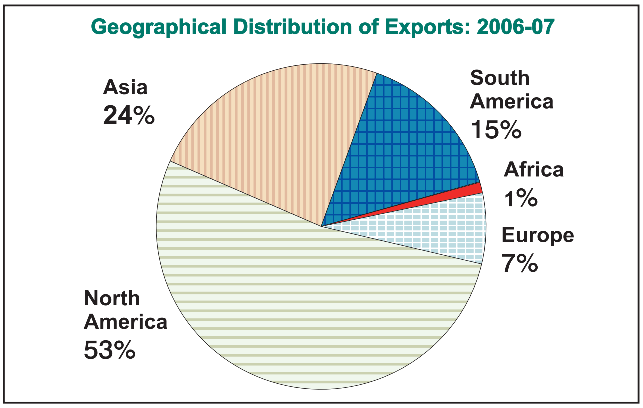
Chart B: Distribution of Alok's revenues between domestic and exports markets

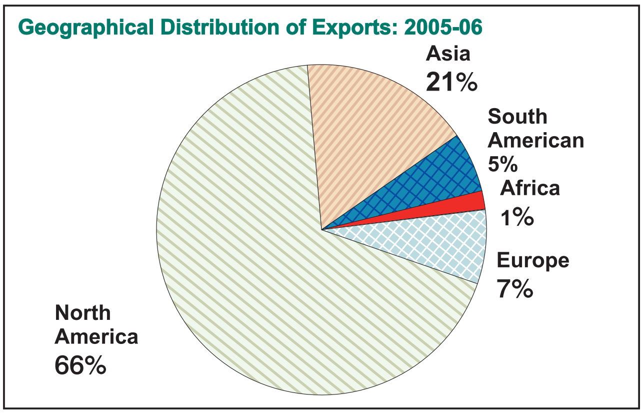


In FY2007, Alok had export sales of Rs. 641.71 crores, up 62.6% from its previous year's exports of Rs. 394.55 crores. More importantly, the share of export revenue as a percentage to total operational revenue increased from 27.8% to 35.2%. This export growth is testimony to the growing stature of Alok in the world market as a quality supplier of textile solutions. Chart B represents the distribution of Alok's business into domestic and export.

Alok sells its products to more than 50 countries across the world. The comparative geographical spread of business during FY 2006-07, vis-à-vis the previous year is represented in Chart C.

Chart C: Geographical distribution of exports – 2006-07 and 2005-06





Alok has adopted a strategy of expanding its footprint into different geographies. Though the US remains an important market for its products, the Company is also exploring opportunities in Latin America, Central Europe, the Middle East, Africa and Russia.

The Mileta acquisition fits in well with this strategy. Mileta's plant in the Czech Republic would become a European manufacturing base for 'top of the line' fabrics (especially in shirting); the acquisition also opens up high value clients in Europe, Africa and Japan.

New Horizons

Retail

During the year, Alok has started operations in the retail segment. '**H & A**' is a 'value for money' retail format, where Alok sells garments and home textiles. The range of products includes 'ready to stitch' and embroidered fabrics, garments, 'salwar kameez dupatta' (SKD) sets, saris, bed linen and terry towels.

Till the end of FY 2007, '**H & A**' set up ten stores - seven in and around Mumbai, and one each at Vapi, Pune and Bangalore. In line with the Company's strategy for growing its presence in the domestic market, the Alok will sell a part of its apparels and home textile products through this store brand.

Organised retailing is projected to grow at an annual rate of over 25%, to reach Rs. 100,000 crores from its present level of Rs. 35,000 crores. As a step towards becoming a significant player in this lucrative sector, Alok is strategically transferring this business to a 100% subsidiary. Alok expects that this exercise, while creating the right environment for rapid growth will simultaneously increase shareholder value.

By the end of FY 2008, Alok, through its subsidiary, plans to roll out about 100 ''**H & A**' stores. The Company expects that, by 2010, with 500 stores in place, it would have achieved a pan-India presence and high consumer recall.

H&A Retail store in Andheri (West), Mumbai, and inside view of the shop.

Brands

For the domestic market, Alok has signed a trademark license agreement with Peacock Alley, a premium manufacturer and importer of luxury bed and bath linens in the USA. Alok will market its premium category home linens range in India under the 'Peacock Alley' brand, with Peacock Alley providing the design and marketing inputs. These products would be available across all major departmental stores and exclusive home textile outlets.

Peacock Alley
LUXURY LINENS

The Company is also in the process of introducing 'Wall Street' as a premium brand for men's formal shirtwear. 'Wall Street' has come into the Alok fold through the Mileta acquisition, and is to be launched shortly in the Indian markets.

Textile SEZ and real estate

Alok has promoted a wholly-owned subsidiary, Alok Infrastructure Private Limited (AIPL) for the development of a textile Special Economic Zone (SEZ) at Silvassa, spread over of 183.69 acres. AIPL has obtained an 'in principle' approval from the Government of India for this purpose and the final approval is expected shortly. In addition to leasing the SEZ to outside textile units, Alok also intends to put up a part of its operations at this location.

AIPL has also acquired two prime properties in Mumbai, with a total floor area of about 640,000 square feet.

AIPL will actively pursue similar avenues for growth and value addition.

Expansion Plans: Phase IV

Indian textile exports have always been globally competitive, when compared on price and quality parameters. The major roadblock to growing the exports market has been the lack of capability to deliver large volumes within short lead times. If this is addressed, the Indian textile industry has the potential to become increasingly well-regarded as suppliers of quality products in the global market. Indian government, recognising this potential, has also encouraged investment in this sector by extending the Technology Upgradation Fund Scheme (TUFS) till 2012.

Alok has identified the following elements as its key drivers to sustain its growth path and successfully compete in the global textiles space: (a) integration - both backwards and forwards - to create self-reliance, cost efficiencies and value addition at different steps of the textile chain; (b) develop itself as a vendor offering 'integrated textile solutions' with design and product development support; (c) global production capacities for economies of scale; (d) low lead time to market; and (e) greater efficiencies in the production process.

To ensure Alok's growth and to increase its market-share, the Company has been expanding and modernising its capacities.

As stated in last year's report, Alok had started implementing Phase III of its expansion drive, which includes increase of capacities in spinning, weaving and processing, garments and texturising. Large parts of the Phases I and II of the expansion programme have now been commissioned and stabilised; the terry towel unit is likely to be completed by the end of this financial year, along with the Phase III expansions.

The Company now proposes to further increase capacity, by March 2009, in the following areas, as part of its Phase IV expansion.

- **Ring Spinning.** The proposed increase of 100,800 spindles, translated to 9,750 TPA of production, would increase Alok's ring-spinning capacity 30,000 TPA. This would then meet around 50% of its estimated future yarn requirements in-house. At the end of the expansion programme, Alok's spinning capacities of 30,000 TPA and 352,800 spindles is expected to be one of India's largest at a single location.

- **Apparel Fabric**

  Apparel knit fabric. Knitted fabric shows strong demand both in the domestic and in the international market. To exploit this opportunity, Alok will expand its knit and knit processing capacities by 50,400 TPA to 67,200 TPA. This would make Alok one of the largest producers of knitted fabric in the world.

  Apparel woven fabric. Alok is a market leader in the woven fabric segment. There is a growing demand in this segment and the Company wishes to strengthen its leadership position and, therefore, proposes to increase its processing capacities by 22.5 million meters.

  By the end of FY2009, the Company would have, in addition to its terry towel fabric and yarn dyeing capacities, enhanced its processing capabilities to 82.5 million metres p.a. for wider width fabrics, 105.0 million metres p.a. for apparel width fabrics and 67,200 TPA for knits.

- **Garments**. Garments form an important segment of the textile value chain. The Company now wishes to add a further 1,000 machines with an installed capacity of 7 million pieces p.a. at its proposed SEZ at Silvassa. Post expansion, the garmenting capacities will move upto to 22 million pieces p.a.

- **Made ups.** Home textile products have a large market in Europe and the USA. Alok needs to grow its in-house stitching capacities to be able to fully match its 'wider width' processing capabilities. To that effect, it proposes to add a further 3.75 million pieces per annum in stitching capacity, thereby taking it to a total of 13.75 million pieces p.a.

- **Power Plant**. Alok's spinning, weaving, knitting and texturising plants, located at Silvassa, currently need about 30 MW of power; the demand is expected to double after the expansion. To cater to this rise in demand, de-risk the concern of power shortages and hedge against the possibility of rising power costs, Alok wishes to increase its current 10 MW captive power production to 60 MW. The new captive power plant would be a 'dual fuel' plant, using furnace oil or gas.

The total cost of these expansions is expected to be in the region of Rs. 1,180 crores; Rs. 950 crores of this would be debt-funded under TUFS and the balance would be met through internal accruals. After the completion of the Phase IV expansion, Alok would become a global sized player in each of its business divisions. Tables 14 and 15 list Alok's current and the increased capacities in various production areas.

Tables 14: Alok Industries Limited: Capacity after Phase IV expantion

Areas	Units	Present	Phase III Additions	Phase IV Additions	Post Phase IV
Spinning					
Ring Frame	TPA	5,250	15,000	9,750	30,000
Open End	TPA	2,000	-	-	2,000
Home Textile					
Wider Width Weaving	MLN MTRS	45.20	24.80	-	70.00
Wider Width Woven Processing	MLN MTRS	60.00	22.50	-	82.50
Made Ups	MLN SETS	6.00	4.00	3.75	13.75
Terry Towels Processing [1]	TPA	6,700	-		6,700
Apparel Fabric					
Apparel Width Weaving	MLN MTRS	57.50	25.00	-	82.50
Apparel Width Woven Processing	MLN MTRS	82.50	-	22.50	105.00
Knitting	TPA	16,800	-	50,400	67,200
Knit Processing	TPA	16,800	-	50,400	67,200
Yarn Dyeing	TPA	3,000	-	-	3,000
Texturising	TPA	85,000	-	-	85,000
POY	TPA	54,000	-	-	54,000
Garments	MLN PIECES	8	7	7	22

Notes:
1. Phase III and Terry Towel is expected to be completed by March 2008
2. Phase IV is expected to be completed by March 2009

Table 15: Alok Industries Ltd.: Machinery increase after Phase IV expansion

Areas	Units	Present	Phase III Additions	Phase IV Additions	Post Phase IV
Spinning					
Ring Frame	Spindles	50,400	201,600	100,800	352,800
Open End	Rotors	936	-	-	936
Home Textile					
Wider Width Weaving	Looms	598	378		936
Wider Width Woven Processing	Continuous processing lines	2	1		3
Made Ups	Machines	500	500	500	1,500
Terry Towels Looms [1]	Looms	64	-	-	64
Terry Towels Processing [1]		LOT	-	-	LOT
Apparel Fabric					
Apparel Width Weaving	Looms	564	288	-	852
Apparel Width Woven Processing	Continuous processing lines	2	-	1	3
	Batch processing lines	1	-	-	1
Knitting	Machines	247	-	450	697
Knit Processing		LOT	-	-	LOT
Yarn Dyeing		LOT	-	-	LOT
Texturising	Machines	82	-	-	82
POY	TPA	54,000			54,000
Garments		LOT	-	-	LOT

Notes:
1. Phase III and Terry Towel is expected to be completed by March 2008
2. Phase IV is expected to be completed by March 2009

Human Resources

The Human Resources (HR) function of 'best in class' companies have moved away from being a 'support' function to becoming a strategic business unit in its own right. Great companies have realised that inducting, nurturing and developing a top class talent pool of human assets is often the key differentiator between average performance and extraordinary growth: clearly, a contributor to the topline and bottomline of a company as well as its strategic direction.

Alok is on a growth phase: the Company has embarked upon quantum increases in capacities; increasing headcount and improving upon the quality of the Company's human assets are, therefore, critical tasks. During the last financial year, the Company increased its headcount by nearly 42%; these hires have been across the board. Table 12 details the 'year-on-year' headcount position.

Table 16: People strength of Alok Industries Ltd.

Location / Division	Staff		Management		Workers		Total	
	2007	2006	2007	2006	2007	2006	2007	2006
Production								
Woven	320	203	44	30	1,820	1,783	**2,184**	2,016
Knitting	93	70	13	7	157	149	**263**	226
Processing	290	226	55	39	1,579	1,010	**1,924**	1,275
Home Textile	97	84	15	10	713	673	**825**	767
POY & Texturising	208	104	15	13	739	408	**962**	525
Cotton Spinning	41	NIL	21	NIL	405	NIL	**467**	0
Garments	187	33	18	45	1,100	901	**1,305**	979
Marketing & Support								
Marketing	256	183	82	47	NIL	NIL	**338**	230
Finance & Secretarial	38	36	16	15	NIL	NIL	**54**	51
IT	24	22	5	3	NIL	NIL	**29**	25
Human Resources	32	33	43	4	NIL	NIL	**75**	37
Other Support Functions	343	247	15	8	NIL	NIL	**358**	255
Trainees	332	41	0	3	NIL	NIL	**332**	44
Total Strength	**2,261**	**1,282**	**342**	**224**	**6,513**	**4,924**	**9,116**	6,430

In Alok, recruitment is coordinated at both the plant and at the corporate levels. Headcounts are approved at the 'budget' level, after which specific requisitions are made. Interviews are conducted and appropriate candidates are selected by a selection team.

Alok also recruits fresh graduates from various campuses – both for plant operations as well as for the corporate office and support functions.

Alok Sponsored NIFT Fashion show in progress

To build up 'bench strength' and induct fresh talent into the organisation, Alok has also initiated an 'internship programme': as a regular 'industry-institute' initiative, textile engineering graduates and NIFT students undergo internship training at Alok's plants and corporate office.

Alok's HR initiatives also act as its 'employer brand ambassador'. The Company has associated itself with the National Institute of Fashion Technology (NIFT) to sponsor the institute's annual 'passing out' fashion show for its final year students. Apart from the obvious benefits of the sponsorship, the Company also gets a first hand look at the budding designer talent in the country: creative people who would be contributors in making Alok a 'design oriented' textile solutions provider.

Recruitment is obviously important in an organisation that is as rapidly growing as Alok, but it is not the 'end-all' of HR activities. Nurturing and developing the most appropriate internal talent is a key deliverable of this function and the Company has, during FY 2006-07, taken a number of concrete steps in this direction. Some of them are being detailed in the paragraphs below.

- **Talent review**. The Company has engaged M/s Hewitt & Associates to (a) review and revise the prevailing HR practices and systems;(b) identify key talent in the Company; (c) understand performance in terms of roles, deliverables and competencies; and (d) suggest suitable training and development measures to maximise the delivery capabilities of the people at Alok. The Company expects that this initiative will, over a period of time, create a better balanced human asset pool, with clearly defined roles, responsibilities and deliverables. It would also help Alok to identify and nurture superior talent within the organisation.

- **Fast tracking**. High performers need to be acknowledged, rewarded and moved into a faster growth path within the organisation. Alok has commenced on a programme of identifying 'fast trackers' with the Company, who would then be the focus of managerial attention and mentoring.

- **Training & development.** The training and development initiatives at Alok are at two levels: skill training and overall development. Employees are identified for specific skills enhancement, which are either imparted through in-house experts or through seminars, courses, etc. Employees are also referred to personality development courses, especially for 'soft skills'.

On the labour front, Alok has had a peaceful year, with no incidents of labour unrests or stoppages of work. There have also not been any accidents in any of the Company's units during the year.

To create a 'family bond', Alok employees have been participating in inter-division cricket tournaments at Silvassa for the past 6 years. Two teams from each division/location participate in the tournaments; the winners and the best players are felicitated with rotating trophies and cash rewards.

Corporate Social Responsibility Activities

Alok actively encourages and participates in Corporate Social Responsibility (CSR) initiatives – as befits a responsible, concerned and mature corporate citizen. Alok's CSR activities take place at both the plant level as well as at the Corporate Office.

Tribal women at work in Alok's Silvassa plant

The Company has taken active steps to integrate with the local population and provide it with sustainable employment opportunities. At the Company's garment plant at Silvassa, approximately 1,000 tribal women have been trained, these women are absorbed by the Company and are today active and competent performers in Alok workforce.

Water is a critical resource: not only for the operations of the Company, but for the environment as a whole. Responsible water usage and water treatment are major areas of focus at Alok.

At the Company's Vapi plant, rainwater is being collected across the plant area and then transported to an underground raw water tank or to a pond in the plant area. This rainwater, which is superior in quality to the available raw water resources, is then used for production purposes.

Waste water treatment and discharge are also areas where Alok has taken a number of steps to protect the environment. Through primary, secondary and tertiary processes, the effluent treatment plant at Vapi ensures that the discharged water is without any trace of suspended solids. The water is then pumped through nine kilometres of pipeline from the plant area into deep sea waters. The Company has also installed reverse osmosis plants for water recycling purposes.

As a corporate citizen, Alok is also sensitive to its surroundings, especially so when natural calamities create major damage. When Valsad and Surat were affected by floods during early August 2006, Alok and its employees were at the forefront of supplying food and water packets and assisting in flood relief operations. In addition to sending food and water packets to the district administration for distribution to the flood-affected citizens, a team of 21 Alok employees went to Surat to help in distributing flood relief items (bed sheets, blankets, food packets and water pouches) to some of the worst affected slum areas.

Apart from these major initiatives, a summary of the other CSR initiatives of the Company are listed below.

- Children education classes for the benefit of children of construction workers at Vapi.
- Tree plantation initiatives are being carried out at Vapi and Silvassa, as a part of greening the environment.
- Free health check-ups and blood donation camps at the plants.
- Adopting schools near Silvassa for distributing free meals to the students.
- Garden maintenance at Silvassa.
- Aiding and facilitating community marriages of economically disadvantaged boys and girls of Valsad district.

Blood donation camp organised at Alok's Vapi Plant

The Company also proposes to set up a partially charitable, state-of-the art hospital at Silvassa. The Company has requested Silvassa administration for the land and expects that this project can be commenced soon.

Information Technology

Alok has always had a high affinity towards automation and information technology.

Around 2005-06, Alok decided to move onto a world-class ERP platform – one that would not only address its internal needs for integrated process, transaction processing and controls, but would also be a 'point of contact' for the Company's external business stakeholders – namely, its customers and its vendors. After detailed discussion and analysis, the Company decided to go in for SAP R3 Enterprise Version 5.0.

While doing this ambitious ERP implementation, Alok successfully overcame certain challenges. First, there was the inherent challenge of the 'migration' from a 'customised' solution to one that, although more efficient and with better throughput, is not exclusively tailor-made for Alok. Second, there are meagre 'previous learning's' of a SAP implementation in the textile industry – not very many organisation with

Alok's level of integration and size have implemented a SAP ERP platform. Third, Alok is a totally integrated textile solutions company – from yarn to garments – and each element of the business needed to be integrated into the ERP solution, with its attendant complexities.

Alok has, at the initial stage, decided to implement six modules of the SAP ERP platform: Sales & Distribution, Production & Planning, Materials Management, Quality Management, Plant Maintenance and Finance & Costing.

Alok has 'gone live' with these six modules in SAP from 1 April 2007. The Company has adopted a 'big bang' approach to the implementation – in the sense that all modules have been implemented across all areas simultaneously. The implementation is being stabilised. That the implementation has been relatively smooth is, to a large extent, due to the fact that there was meticulous planning; equally important was the familiarity that the Alok team had about an ERP platform, and their knowledge about the issues and criticality of a transition exercise.

Alok also has 'point to point' virtual private network (VPN) for data transfer and simultaneous data processing. The hardware and communications infrastructure have been designed with adequate safeguards to prevent communications failure or data losses. The Company has robust 'mail/communication' software, with video conferencing facilities set up at all locations in order to minimise response and travel time. Alok takes adequate steps to ensure data security – including backing up data at offsite locations.

Apart from fine-tuning and ensuring 'stable state' operations on the current ERP modules, the Company is planning other initiatives during 2007-08. Among these are (a) the implementation of an Advance Planning Organiser (APO) module; (b) the design and implementation of a comprehensive EIS through a Business Information Warehouse (BIW) platform; (c) the migration to Version 6 of the SAP and (d) a Supply Chain module implementation.

Internal Control Systems and their Adequacy

Alok Industries has a proper and adequate system of internal controls commensurate with its size and business operations at all plants, divisions and the corporate headquarters to ensure that its assets are safeguarded and protected against loss from unauthorized use or disposition and that transactions are reliably authorised, accurately recorded and reported quickly.

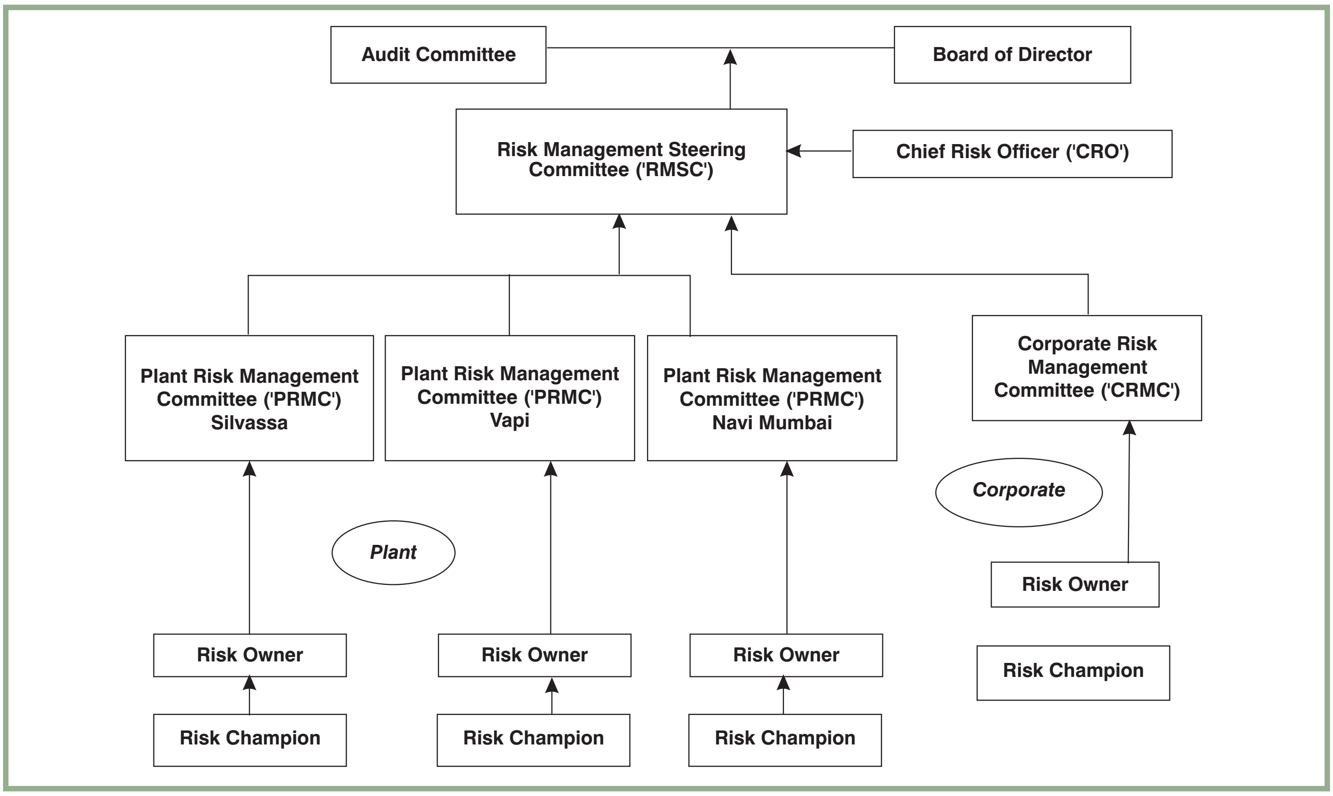
The Company has appointed Chartered Accountants to carry out concurrent internal audit at all its locations. The scope of its internal audit programme is laid down by the Audit Committee of the Board of Directors. The Audit Committee is briefed every quarter of the findings by the internal auditors, along with the remedial actions that have been recommended or have been taken by the management to plug systemic weaknesses.

Risk Identification and Mitigation

In January 2007, Alok formalised its risk management policy and charter. The charter, among other things, elaborates the objectives, which are to: (a) provide a sound basis for integrated enterprise-wide risk management as a component of good corporate governance; (b) improve business performance by informing and improving decision making and planning; and (c) promote a more innovative, risk awareness culture in pursuit of opportunities to benefit the Company.

Committees have been formed at the corporate and plant levels, with identified risk champions and risk owners. The risk owners and champions are responsible for identifying key risks and developing mitigation plans, which are then reviewed at the plant level and subsequently by the Risk Management Steering Committee, after which the approved risk mitigation measures would be implemented. Risk registers are maintained, which lists the risks that have been identified during the periodical review.
Chart D shows the risk management organisation of the Company.

Chart D: Alok Industries Ltd – Risk Management Organisation



At an operational level, Alok monitors major risks associated with the business. These risks and the risk mitigation measures are discussed in the following paragraphs.

Market & Competition

The Company is subject to market risks of the following nature:

1. The exports of the Company are concentrated towards the US market. A potential slowdown in the US market, therefore, exposes Alok to a substantial income risk.
2. Increased competition – both in the international and domestic market.

Alok is addressing these concerns in the following manner:

a. Spreading its geographical reach for all its product offerings thereby reducing dependence on any particular marked.

b. Diversify into newer product segments, especially value added products through design and product development to remain ahead of the competition.

c. Ramping up production capacities to global levels in order to reduce 'time to market' and improve competitiveness.

Raw Material: Prices and Quantity

Cotton and POY are the major raw material inputs for Alok's business. Adverse price fluctuations in these two products have the capacity to negatively impact Alok's bottom-line. Typically, the reasons for fluctuations in these raw material inputs are crop failure (for cotton) and upward revisions in the cost of petrochemical products (for POY).

Alok has a well laid out risk management strategy in place for raw material price fluctuations. Alok's cotton yarn procurement is based on confirmation of sales orders, and, usually, the Company is able to pass on the effects of the price fluctuation to the end customer. In addition, as stated in earlier paragraphs, Alok's dependence on yarn procurement would decrease substantially once the total spinning capacity of 350,000 spindles come on-stream by FY 2009. To mitigate the risk even further, the Company is also laying out detailed hedging mechanism guidelines for managing fluctuations in cotton prices.

On the POY front, Alok manufactures POY and DTY in its own plants. POY being the input material for DTY, the backward integration has largely de-risked the Company from price fluctuations. Alok is the second largest producer of DTY in the country, which, in turn, allows the Company to negotiate bulk procurement discounts for PET chips (which form the input raw material for POY). The proposed PET/POY manufacturing facility (details about which have been given in a previous paragraph) would also go a long way to mitigate this raw material risk.

On the organic cotton front, the exclusive tie-up for 175,000 bales at contracted prices offer a substantial shield against the vagaries of price and supply fluctuation of this raw material.

Quality Cost and Delivery (QCD) parameters

Adherence to stated timelines and quality parameters are of critical importance to the Company. Alok has extremely stringent quality control checks at each stage of the production chain, allowing for 'first time right' goods to be produced, thereby allowing rigid timelines to be met. Also, the dedicated sampling unit allows Alok to reduce 'time to market' from sample to finished product.

Backward and forward integration (from cotton procurement and POY production to finished garments and home textiles) have also created cost efficiencies, which allow Alok to be price competitive in the global arena. This has reflected in its financials, which have shown an increasing share of its business being conducted in the export markets.

Gearing Risk

Alok's loans have been utilised primarily to fund capacity expansion. Most of these funds have been borrowed under the Technology Upgradation Funds Scheme (TUFS), with a relatively lower interest cost and a maturity profile of 10 years. Govt. of India has extended this scheme till 2012, and it is expected that the Company would be able to fund further expansions through this scheme.

Based on its current and estimated future cash flows, the Company feels confident of being able to service the interest and the principal that will fall due from time to time.

Interest Risk

Your Company's debt profile comprises of rupee and foreign currency debt, governed by floating rates of interest. Therefore, any upward movement in the interest rate negatively impacts the Company's bottomline. A majority of the Rupee loans are under the TUFS scheme, which provides loans at a concessional rate. Alok also uses appropriate financial instruments in order to mitigate the interest risk and reduce overall interest cost.

Currency Risk

Fluctuations in currency affect Alok in two ways: (a) it affects export revenues, which in FY 2007 constituted 35% of the Company's sales portfolio; and (b) it also affects the foreign currency debt profile of the Company.

The appreciating rupee has been a case of concern for exporters in general. Alok, on its part, has, to a large extent, mitigated this risk through a dynamic foreign currency risk management procedure. The Company has appointed reputed consultants for foreign exchange risk and liability management. During FY 2007, Alok made an extraordinary income of Rs 33.43 crores, while paying off its Japanese Yen debts, thanks to prudent currency risk management. The first quarter of FY 2008 has shown even better results in area: Alok has gained Rs. 39.55 crores in its treasury management during this period.

Future Prospects

Consider some facts.

- Thanks to the rising cost of manufacture, USA, Japan and Europe are dismantling their textile capacities and outsourcing their demand to Asian countries.
- Consequently, global trade in textiles is expected to grow to USD 650 billion by 2010.
- India has the design skills, as well as the capabilities to produce multi-fibre based yarn and yarn products.
- Between FY 2002 and FY 2006, India's domestic textile market has grown at CAGR of 6.4% from USD 25 billion to USD 34 billion.
- Textiles and clothing retail comprise 40% of organised retailing in India. The share of organised retailing is expected to double from its current level of 4% to 8% by FY 2010.
- Hotel room demand is expected to grow at 10% p.a. for next 5 years and an additional demand for 450,000 hospital beds demand will be created by 2010, consequent to the healthcare delivery market's 13% growth expectation over the next few years. The domestic home textile market, therefore, is expected to show significant growth.

In this scenario, Alok is committed to transforming itself into a global textile enterprise by 2010. This involves increasing revenues manifold from the current level . But more than achieving this topline, itself no easy task, the Company also wishes to carve out a distinct identity and a set of core values that would make it the company of choice for all its stakeholders.

In order to achieve this, Alok is putting the growth and value drivers into place. The first is the expansion programme. The Company believes that setting up large integrated capacities generate efficiencies in the value chain: both in cost savings as well as improvement in quality. Once these integrated capacities are in place with the completion of Phase IV of the expansion plan, Alok will be even more equipped to deal the challenges of delivering large volumes of quality products within tight schedules.

The second growth driver is to grow the Company's share of exports to total turnover from 35% at present to the neighbourhood of 50%. This would be aided by acquisitions such as Mileta, expansion into high potential geographies (especially Europe and South Asia) and greater penetration into global markets where Alok already has a presence.

Alok is also deepening customer relationships. The Company is in the process of becoming a 'integrated textile solutions' provider to both global and Indian buyers and thus transform itself into becoming a 'vendor of choice' for integrated and innovative textile solutions to all major global and domestic buyers.

To create greater value, accelerate growth and bring in sharper operational focus, Alok is also re-aligning its businesses into separate subsidiaries.

Apart from the production, quality and marketing aspects, Alok is also focusing on building its brand: not just a portfolio of product brands, but also an overarching value proposition for the 'Alok' brand. By 2010, the Company wishes to clearly integrate its core brand values to its products: so much so that the two become inseparable and synonymous with each other.

Thus, production capacities, quality, customer relationships and people development become the major factors that will fuel the Alok growth engine, while also making it a widely respected player on the global textile stage.

Cautionary Statement

The management of Alok Industries Ltd has prepared and is responsible for the financial statements that appear in this report. These are in conformity with accounting principles generally accepted in India and, therefore, include amounts based on informed judgments and estimates. The management also accepts responsibility for the preparation of other financial information that is included in this report. Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. The management has based these forward looking statements on its current expectations and projections about future events. Such statements involve known and unknown risks significant changes in political and economic environment in India or key markets abroad, tax laws, litigation, labour relations, exchange rate fluctuations, interest and other costs and may cause actual results to differ materially.

Alok believes that corporate governance is all about commitment to ethical values and business principles. These, in turn, translate to adopting transparent accounting policies, setting and adhering to appropriate disclosure norms, learning and implementing best-in-class board practices and displaying consistently high standards of corporate conduct towards its stakeholders. Alok, therefore, has adopted practices mandated in Clause 49 and has established procedures and systems to be fully compliant with it.

This chapter, along with the chapters on Management Discussion and Analysis and Additional Shareholders Information, reports Alok's compliance with Clause 49.

Board of Directors

Composition of the Board

As on 31 March 2007, Alok's Board comprised of twelve Directors. The Board consists of the Executive Chairman, the Managing Director and the Joint Managing Director, all three of whom are promoter Directors. In addition, the Board has one Executive Director and eight non-executive independent Directors, including five Directors who are nominees of various financial institutions. The details are given in Table 1.

Number of Board Meetings

In 2006-07, the Board of the company met five times on 28 April 2006, 28 July 2006, 10 August 2006, 27 October 2006 and 29 January 2007. The maximum gap between any two Board meetings was less than four months.

Directors' Attendance Record and Directorships

Table 1 gives the details

Table 1 : Composition of the Board of Directors

Name of the Directors	Category #	Attendance Particulars			No. of other Directorships and Committee Membership/ Chairmanships in other Indian/Public companies		
		Number of Board Meetings		Last	Other	Committee	Committee
		Held	Attendend	AGM	Directorships	Memberships	Chairmanships
Mr. Ashok B. Jiwrajka (Executive Chairman)	Promoter, Executive	5	4	Yes	12	1	1
Mr. Dilip B. Jiwrajka (Managing Director)	Promoter, Executive	5	5	Yes	11	4	—
Mr. Surendra B. Jiwrajka (Joint Managing Director)	Promoter, Executive	5	3	Yes	11	2	—
Mr. C.K. Bubna	Executive	5	4	No	2	—	—
Mr. Ashok G. Rajani	Independent	5	4	Yes	3	—	—
Mr. K.R. Modi	Independent	5	5	Yes	1	3	—
Mr. K.C. Jani (Nominee of Industrial Development Bank of India Ltd.)	Independent	5	5	Yes	1	1	—
Mr. Rakesh Kapoor (Nominee of IFCI Ltd.)	Independent	5	3	No	4	—	—
Mr. K.J. Punnathara (Nominee of Life Insurance Corporation of India)	Independent	5	5	Yes	—	—	—
Mr. R.J. Kamath (Nominee of Industrial Development Bank of India Ltd.)	Independent	5	4	Yes	4	—	—
Ms. Hiroo S. Advani (Nominee of Export Import Bank of India)	Independent	5	5	No	1	—	—
Mr. Timothy Ingram	Independent	5	4	No	—	—	—

As detailed in the table above, none of the Directors is a member of more than 10 Board-level Committees of public companies in which they are Directors, nor is Chairman of more than five such Committees

Directors with Materially Pecuniary or Business Relationship with the Company

As mandated by Clause 49, the independent Directors on Alok's Board:

- Apart from receiving Director's remuneration, do not have any material pecuniary relationships or transactions with the company, its promoters, its Directors, its senior management or its holding company, its subsidiaries and associates which may affect independence of the Director.

- Are not related to promoters or persons occupying management positions at the Board level or at one level below the Board.
- Have not been an executive of the company in the immediately preceding three financial years
- Are not partners or executives or were not partners or executives during the preceding three years of the:
  a) Statutory audit firm or the internal audit firm that is associated with the company
  b) Legal firm(s) and consulting firm(s) that have a material association with the company
- Are not material suppliers, service providers or customers or lessors or lessees of the company, which may affect independence of the Director
- Are not substantial shareholders of the company i.e. do not own two percent or more of the block of voting shares

Note:
Mr. K.R. Modi is a senior partner of M/s. Kanga & Co., Solicitors and Advocates, who have a professional relationship with the Company. The quantum of professional fees received by M/s. Kanga & Co. from Alok Industries constitutes less than 2% of the total revenues of the legal firm. The Board of Directors of Alok Industries is of the view that the association of the legal firm with the Company is not material. The professional fees of Rs. 70,750.00 paid to the legal firm during the year ended 31 March 2007 are not considered material enough to impinge upon the independence of Mr. K.R. Modi.

Transactions with related parties are disclosed in Note 3 – 'Notes forming part of the Accounts' annexed to the financial statements of the year. There has been no materially relevant pecuniary transaction or relationship between Alok and its non-executive and/or independent Directors during the year 2006-07.

Information Supplied To the Board

Among others, information supplied to the Board includes:

- Annual operating plans and budgets and any update thereof
- Capital budgets and any updates thereof
- Quarterly results for the company and operating divisions and business segments
- Minutes of the meetings of the Audit Committee and other Committees of the Board
- Information on recruitment and remuneration of senior officers just below the level of Board, including the appointment or removal of Chief Financial Officer and Company Secretary
- Materially important show cause, demand, prosecution notices and penalty notices
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems
- Any material default in financial obligations to and by the company, or substantial non-payment for goods sold by the company
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company
- Details of any joint venture or collaboration agreement
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property
- Significant labour problems and their proposed solutions. Any significant development in human resources / industrial relations front like signing of wage agreement, implementation of voluntary retirement scheme, etc.
- Sale of material nature of investments, subsidiaries, assets, which is not in the normal course of business
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material
- Non-compliance of any regulatory, statutory nature or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer, etc

The Board of Alok Industries is presented with detailed notes along with the agenda papers well in advance of the meeting. The Board periodically reviews compliance reports of all laws applicable to the company, prepared by the company as well as steps taken by the company to rectify instances of non-compliances.

Code of Conduct

The Board of Alok Industries Limited, at its meeting on 28th October 2005, has adopted and laid down a code of conduct for all Board members and Senior Management of the company. The code of conduct is available on the website of the company, www.alokind.com. All Board members and Senior Management personnel have affirmed compliance with the Code of Conduct. The Managing Director has also confirmed and certified the same (certification is enclosed at the end of this report).

Committees of the Board

Audit Committee

As on 31 March 2007, Alok's Audit Committee consisted of Mr. K.C. Jani (Chairman), independent Director, Mr. Ashok G. Rajani, independent Director, Mr. K.R. Modi, independent Director, Mr. Rakesh Kapoor, independent Director, Mr. K.J. Punnathara, independent

Director and Mr. Dilip B. Jiwrajka (Managing Director), executive Director. All members of the Audit Committee have accounting and financial management expertise. The Chairman of the Audit Committee attended the Annual General Meeting (AGM) held on 29 September 2006 to answer shareholder queries.

The Committee met five times during the course of the year on 28 April 2006, 28 July 2006, 10 August 2006, 27 October 2006 and 29 January 2007. Table 2 gives attendance record.

Table 2: Attendance record of Audit Committee members for 2006-07

Name of Members	Status	Category	No. of Meetings	
			Held	Attended
Mr. K.C. Jani	Chairman	Independent	5	5
Mr. Ashok G. Rajani	Member	Independent	5	4
Mr. K.R. Modi	Member	Independent	5	5
Mr. Rakesh Kapoor	Member	Independent	5	3
Mr. K.J. Punnathara	Member	Independent	5	5
Mr. Dilip B. Jiwrajka (Managing Director)	Member	Promoter,Executive	5	5

The Chief Financial Officer (CFO) and representatives of the statutory auditors and internal auditors are regularly invited by the Audit Committee to its meetings. Mr. K.H. Gopal, President (Corporate Affairs) & Company Secretary, is the secretary to the Committee

The functions of the Audit Committee of the company include the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors
4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
    a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
    b) Changes, if any, in accounting policies and practices and reasons for the same.
    c) Major accounting entries involving estimates based on the exercise of judgment by management.
    d) Significant adjustments made in the financial statements arising out of audit findings.
    e) Compliance with listing and other legal requirements relating to financial statements.
    f) Disclosure of any related party transactions.
    g) Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up thereon.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. Reviewing the company's risk management policies.
12. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
13. Reviewing any changes in the accounting policies or practices as compared to the last completed financial year and commenting on any deviation from the Accounting Standards.
14. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee is empowered, pursuant to its terms of reference, to:

a) Investigate any activity within its terms of reference and to seek any information it requires from any employee.

b) Obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, when considered necessary.

The Company has systems and procedures in place to ensure that the Audit Committee mandatorily reviews:

- Management discussion and analysis of financial condition and results of operations.
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by management.
- Management letters / letters of internal control weaknesses issued by the statutory auditors
- Internal audit reports relating to internal control weaknesses.
- The appointment, removal and terms of remuneration of the chief internal auditor.
- Whenever applicable, the uses/applications of funds raised through public issues, rights issues, preferential issues by major category (capital expenditure, sales and marketing, working capital, etc), as part of the quarterly declaration of financial results.
- If applicable, on an annual basis, statement certified by the statutory auditors, detailing the use of funds raised through public issues, rights issues, preferential issues for purposes other than those stated in the offer document/prospectus/notice.

In addition, the Audit Committee of the company is also empowered to review the financial statements, in particular, the investments made by the unlisted subsidiary companies (if any), in view of the requirements under Clause 49.

The Audit Committee is also appraised on information with regard to related party transactions by being presented:

- A statement in summary form of transactions with related parties in the ordinary course of business.
- Details of material individual transactions with related parties, which are not in the normal course of business.
- Details of material individual transactions with related parties or others, which are not on an arm's length basis along with management's justification for the same.

Shareholders'/Investors' Grievances Committee

The Committee looks into all matters related with the transfer of securities; it also specifically looks into redressing complaints of shareholders and investors such as transfer of shares, issue of share certificates, non-receipt of Annual Report and non-receipt of declared dividends. The Committee comprises four members; Mr. Ashok. G. Rajani, who is Chairman of the Committee, Mr. Dilip B. Jiwrajka (Managing Director), Mr. Surendra B. Jiwrajka (Joint Managing Director) and Mr. Ashok B. Jiwrajka (Executive Chairman). The Committee met 24 times during the year. Table 3 gives the details of attendance.

Table 3: Attendance record of Shareholders'/Investors' Grievances Committee for 2006-07

Name of Members	Category	Status	No. of Meetings	
			Held	Attended
Mr. Ashok G. Rajani	Independent	Chairman	24	24
Mr. Dilip B. Jiwrajka (Managing Director)	Promoter, Executive	Member	24	24
Mr. Surendra B. Jiwrajka (Joint Managing Director)	Promoter, Executive	Member	24	24
Mr. Ashok B. Jiwrajka (Executive Chairman)	Promoter, Executive	Member	24	24

Remuneration Committee

Alok's Remuneration Committee is responsible for recommending the fixation and periodic revision of remunerations of the Managing Director, Executive Directors and senior employees. This is done after reviewing their performance based on pre-determined evaluation parameters and the Company policy of rewarding achievements and performance.

Payment of remuneration to the Executive Chairman, Managing Director, Joint Managing Director and Executive Director is governed by the respective agreements executed between them and the Company and are governed by Board and shareholders' resolutions. The remuneration structure comprises of Salary, Commission linked to profits, perquisites and allowances and retrial benefits (superannuation and gratuity). The details of such remuneration have been disclosed in Table 4 below.

Commission to non-executive Directors are also detailed in Table 4 below.

Executive Committee

The Board of Directors have delegated the authority to supervise and monitor the day-to-day activities of the company to an Executive Committee. The committee comprises of Mr. Ashok B. Jiwrajka, Mr. Dilip B. Jiwrajka and Mr. Surendra B. Jiwrajka.

Project Monitoring Committee

Alok has been and is in the process of adding substantial production capacities in various areas. These capacity expansions are being executed under the Technology Upgradation Fund Scheme (TUFS). In order to monitor the progress of these projects, Alok has set up a 'Project Monitoring Committee' of its Board of Directors, comprising of Mr. K.C. Jani, independent Director, Mr. Ashok B. Rajani, independent Director, Mr. Dilip B. Jiwrajka (Managing Director), executive Director and Mr. Surendra B. Jiwrajka (Joint Managing Director), executive Director.

During the year, the Project Monitoring Committee met twice - on 10 October 2006 and 23 January 2007, where all the members of the Committee were present.

Remuneration of Directors

Information on remuneration of Directors for the year ended 31 March 2007 is set forth in Table 4 below.

Table 4: Remuneration paid or payable to Directors for the year ended 31 March 2007 and relationship with each other

Name of the Director	Relationship with other Directors*	Sitting Fees**	Salary and Perquisites	Provident & Superannuation Funds In Rs.	Commission***	Total ****
Mr. Ashok B. Jiwrajka (Executive Chairman)	Brothers	NIL	6,000,000	NIL	12,500,000	18,500,000
Mr. Dilip B. Jiwrajka (Managing Director)	Brothers	NIL	6,000,000	NIL	12,500,000	18,500,000
Mr. Surendra B. Jiwrajka (Joint Managing Director)	Brothers	NIL	6,000,000	NIL	12,500,000	18,500,000
Mr. C.K. Bubna	None	NIL	6,000,000	NIL	12,500,000	18,500,000
Mr. Ashok G. Rajani	None	40,000	NIL	NIL	NIL	NIL
Mr. K.R. Modi	None	50,000	NIL	NIL	NIL	NIL
Mr. K.C. Jani (Nominee of Industrial Development Bank of India Ltd.)****	None	50,000	NIL	NIL	NIL	NIL
Mr. Rakesh Kapoor (Nominee of IFCI Ltd.)****	None	30,000	NIL	NIL	NIL	NIL
Mr. K.J. Punnathara (Nominee of Life Insurance Corporation of India)****	None	50,000	NIL	NIL	NIL	NIL
Mr. R.J. Kamath (Nominee of Industrial Development Bank of India Ltd.)****	None	40,000	NIL	NIL	NIL	NIL
Ms. Hiroo S. Advani (Nominee of Export Import Bank of India)****	None	50,000	NIL	NIL	NIL	NIL
Mr. Timothy Ingram	None	57,637	NIL	NIL	NIL	NIL

Notes

* Determined on the basis of criteria of Section 6 of the Companies Act, 1956.

** Sitting fees include payment for Board-level Committee meetings.

*** Commission proposed and payable after approval of accounts by shareholders in the AGM.

**** Sitting fees to the nominee Directors viz. Shri R. J. Kamath and Shri K. J. Punnathara paid in their names whereas in respect of other directors the same are not paid in their name, but paid to the financial institution they represent

Shares and Convertible Instruments Held by Non-Executive Directors

Table 5: Details of the shares and convertible instruments held by the non-executive Directors as on 31 March 2007

Name of the Director	Category	Number of shares held	Number of convertible instruments held
Mr. Ashok G. Rajani	Independent	100	NIL
Mr. K.R. Modi	Independent	1,500	NIL
Mr. K.C. Jani	Independent	NIL	NIL
Mr. Rakesh Kapoor	Independent	NIL	NIL
Mr. K.J. Punnathara	Independent	NIL	NIL
Mr. R.J. Kamath	Independent	NIL	NIL
Ms. Hiroo S. Advani	Independent	NIL	NIL
Mr. Timothy Ingram	Independent	NIL	NIL

Subsidiary Companies

Clause 49 defines a “material non-listed Indian subsidiary” as an unlisted subsidiary, incorporated in India, whose turnover or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

Alok had, as on 31 March 2007, three subsidiaries,viz Alok Infrastructure Private Limited (AIPL),Alok Industries International Limited(AIIL) and Alok Inc. However,turnover or networth of AIPL does not exceed 20% of the consolidated turn over of the listed holding company and AIIL and Alok Inc. are not incorporated in India and hence, are outside the scope of discussion under clause 49.

The Company has the following Subsidiary Companies :

1. Alok Infrastructure Private Limited;
2. Alok Industries International Limited;
3. Alok INC.

Management

Management Discussion and Analysis

This annual report has a detailed chapter on Management Discussion and Analysis.

Disclosures by Management to the Board

All disclosures relating to financial and commercial transactions where Directors may have a potential interest are provided to the Board, and the interested Directors do not participate in the discussion nor do they vote on such matters.

Disclosure of Accounting Treatment in Preparation of Financial Statements

Alok has followed the guidelines of accounting standards laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements.

Code for Prevention of Insider-Trading Practices

In compliance with the SEBI regulation on prevention of insider trading, the company has instituted a comprehensive code of conduct for its Directors, management and staff. The code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of company, and cautioning them of the consequences of violations. The code clearly specifies, among other matters, that Directors and specified employees of the company can trade in the shares of the company only during ‘Trading Window Open Period’. The trading window is closed during the time of declaration of results, dividend and material events, as per the Code.

Mr. K.H. Gopal, President (Corporate Affairs) & Company Secretary, is the Compliance Officer.

CEO/ CFO Certification

The CEO and CFO certification of the financial statements for the year is enclosed at the end of the report.

Shareholders

Appointment/ Re-appointment of Directors

Mr. Ashok G. Rajani]
Mr. K. R. Modi] Seeking re-appointment at the ensuing Annual General Meeting

Other Directorships

Mr. Ashok G. Rajani – NIL
Mr. K. R. Modi - Rolta India Limited

Other Committee Memberships

Mr. Ashok G. Rajani – NIL

Mr. K. R. Modi is Member of the (i) Audit Committee (ii) Shareholders and Investors' Grievances Committee and (iii) Remuneration Committee of Rolta India Limited

Mr.Ashok G. Rajani aged 59 years is a Chairman of Export Promotion Committee of Apparel Exports Promotion Council and Clothing Manufacturers Association of India. He was a Ex-President of Clothing Manufacturers Association of India and a Vice-Chairman of Apparel Exports Promotion Council. He has good experience in the field of garment manufacturing and exports.

Mr.K. R. Modi aged 65 years is a practising solicitor and a partner in Kanga & Co., a reputed firm of Advocates, Solicitors and Notaries. He is well versed with the matters relating to Company Law and other allied acts.

Communication to Shareholders

Alok Industries puts forth key information about the company and its performance, including quarterly results, official news releases, and presentations to analysts, on its website www.alokind.com regularly for the benefit of the public at large.

During the year, the quarterly results of the company's performance have been published in leading newspapers such as 'Business Standard, 'The Economic Times' in English, 'Maharashtra Times' and 'Sakal' in Marathi.

The company's half yearly results are published in the newspapers detailed above and also posted on its website. Hence, they are not sent to the shareholders. However, the company furnishes the quarterly and half-yearly results on receipt of a request from any shareholder.

Investor Grievances & Shareholder Redressal

The company has appointed a Registrar and Share Transfer Agent, M/s. Intime Spectrum Registry Limited, which is fully equipped to carry out share transfer activities and redress investor complaints. Mr. K.H. Gopal, President (Corporate Affairs) & Company Secretary, is the Compliance Officer for redressal of all shareholders' grievances.

Details of Non-Compliance by the Company

Alok has complied with all the requirements of regulatory authorities. No penalties/strictures were imposed on the company by stock exchanges or SEBI or any statutory authority on any matter related to capital market during the last three years.

General Body Meetings

Date, time and venue for the last three annual general meetings are given below.

Table 6: Details of last three Annual General Meetings

Financial year	Date	Time	Venue	Special Resolutions Passed
2003-04	30 Sep 2004	11.00 A.M.	Textiles Committee Auditorium P Balu Road, Prabhadevi Chowk Prabhadevi, Mumbai 400025	1. Re-appointment of Executive Director 2. Borrow money in excess of paid-up capital and free reserves of the Company. 3. Creation of Charge / Mortgage
2004-05	29 Sep 2005	10.00 A.M.	Textiles Committee Auditorium,P Balu Road, Prabhadevi Chowk,Prabhadevi, Mumbai 400025	None
2005-06	29 Sep 2006	10.00 A.M	Textiles Committee Auditorium,P Balu Road, Prabhadevi Chowk,Prabhadevi, Mumbai 400025	1. Borrow money in excess of paid-up capital and free reserves of the Company. 2. Creation of Charge / Mortgage

No special resolutions passed at the above Annual General Meetings were required to be put through postal ballot. No resolution is proposed to be passed at the forthcoming Annual General Meeting through postal ballot.

Compliance

Mandatory Requirements

The company is fully compliant with the applicable mandatory requirements of Clause 49.

Non- Mandatory Requirements

The details of compliance of the non-mandatory requirements are listed below.

Non Executive Chairman's Office

The Chairman of the Company is the Executive Chairman; hence, this provision is not applicable.

Remuneration Committee

Details of the composition and function of the Remuneration Committee are given in the section 'Committees of the Board'.

Shareholder Rights - furnishing of half-yearly results

Details of the shareholders' rights in this regard are given in the section 'Communication to Shareholders'.

Audit Qualifications

During the current financial year, there are no audit qualifications in the financial statements. The company continues to adopt appropriate best practices in order to ensure unqualified financial statements.

Whistle-blower Policy

Alok encourages an open door policy, where employees have access to the Head of Business / Head of Function. In terms of the company's Code of Conduct, any instance of non-adherence to the Code or any observed unethical behaviour is to be brought to the attention of the immediate reporting authority; the immediate reporting authority has to bring it to the notice of the Code of Conduct's Compliance Officer. Mr. K.H. Gopal, President (Corporate Affairs) & Company Secretary is the Compliance Officer for Alok's Code of Conduct.

Auditors' Certificate on Corporate Governance

The Company has obtained a Certificate from the Statutory Auditors regarding compliance of conditions of corporate governance, as mandated in Clause 49. The certificate is annexed to this report.

Annual General Meeting

Date : 25th day of September, 2007
Time : 11.00 am
Venue : Textiles Committee Auditorium, P. Balu Road, Prabhadevi Chowk, Prabhadevi, Mumbai – 400 025.

Financial Calendar

1 April to 31 March.

For the year ended 31 March 2007, results were announced on

- 28 July 2006 : First quarter.
- 27 October 2006 : Second quarter and Half yearly.
- 29 January 2007 : Third quarter.
- 27 April 2007 : Fourth quarter
- 31 July 2007 : Annual

Book Closure

The books will be closed from Tuesday, the 18th day of September 2007 to Tuesday, the 25th day of September 2007 (both days inclusive), as annual closure for the Annual General Meeting.

Dividend Date

Equity Shares: The Board has recommended a dividend of 14% for the year ended 31 March 2007 and the same would be payable on and from 24th October, 2007.

Listing

Equity shares of Alok Industries Limited are listed on the Bombay Stock Exchange Limited, Mumbai and National Stock Exchange of India Limited, Mumbai.

Stock Codes

- BSE: 521070
- NSE: ALOKTEXTEQ

Stock Data

Table 7 below gives the monthly high and low prices and volumes of Alok Industries Limited equity shares at Bombay Stock Exchange Limited (BSE) and the National Stock Exchange Limited (NSE) for the year 2006-07.

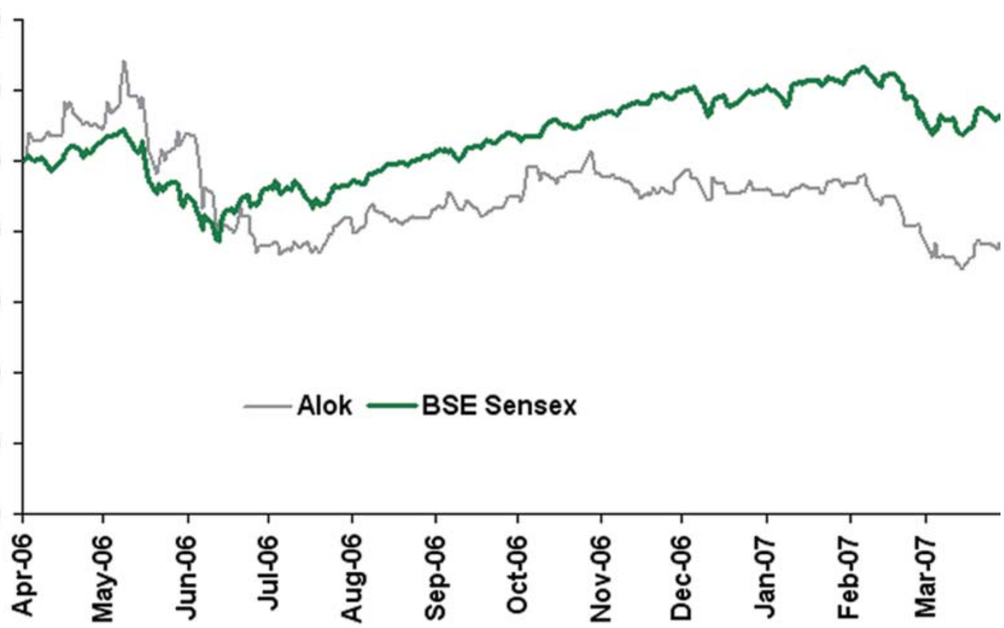
Table 7: High and Low Prices, and Trading Volumes at the BSE and NSE

Month	(BSE)			(NSE)		
	High (Rs.)	Low (Rs.)	Volume (Nos.)	High (Rs.)	Low (Rs.)	Volume (Nos.)
April 2006	91.00	73.80	8,001,594	90.75	73.80	18,336,203
May 2006	99.20	68.55	11,067,849	99.35	68.90	25,044,757
June 2006	81.85	54.70	6,012,976	81.45	54.65	12,601,752
July 2006	63.75	53.65	5,841,462	63.70	50.50	13,648,863
August 2006	68.10	57.00	15,893,368	67.50	55.20	53,855,844
September 2006	69.00	60.40	6,327,957	69.40	61.40	18,206,193
October 2006	77.90	65.00	4,632,089	78.40	65.70	14,130,657
November 2006	73.75	64.70	2,655,528	74.45	64.90	13,705,788
December 2006	74.80	63.90	3,073,326	74.45	63.50	11,231,920
January 2007	71.80	66.25	2,118,705	72.00	64.70	7,244,348
February 2007	72.90	56.55	4,224,014	72.90	56.35	15,976,529
March 2007	62.50	50.45	3,383,417	62.00	50.30	9,554,716

Stock Performance

Chart 'A' plots the movement of Alok's shares adjusted closing prices compared to the BSE Sensex.

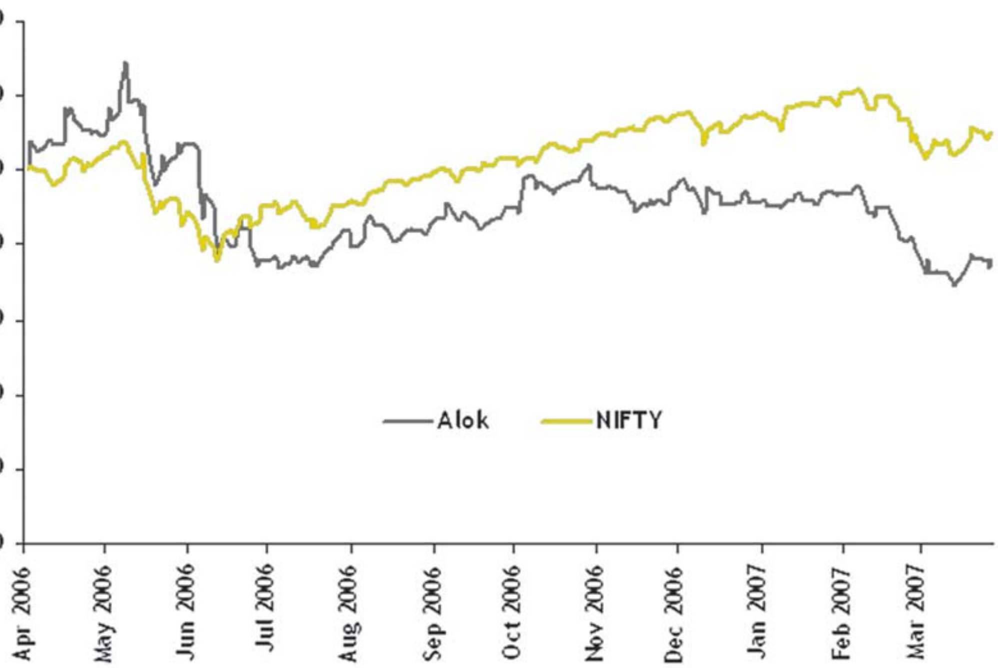
Chart 'A': Adjusted closing share prices of Alok Industries Limited versus BSE Sensex for the year ended 31 March 2007



Note: Share prices and BSE Sensex indexed to 100 as on the first working day of the financial year 2006-07 i.e. 3 April 2006

Chart 'B' plots the movement of Alok's shares adjusted closing prices compared to the NIFTY.

Chart B: Adjusted closing share prices of Alok Industries Limited versus NSE NIFTY for the year ended 31 March 2007



Note: Share prices and NSE NIFTY indexed to 100 as on the first working day of the financial year 2006-07 i.e. 3 April 2006

Share Transfer Agents and Share Transfer and Demat system

Alok executes share transfers through its share transfer agents, whose details are given below.

Intime Spectrum Registry Limited
C-13, Pannalal Silk Mills Compound
L.B.S. Marg
Bhandup (West), Mumbai 400078
Tel:+91-22-2596 3838; Fax: +91-22-2594 6969

In compliance with the SEBI circular dated 27 December, 2002, requiring share registry in terms of both physical and electronic mode to be maintained at a single point, Alok has established direct connections with National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL), the two depositories, through its share transfer agent.

The ISIN Numbers (or demat numbers) of the Company for Equity Shares on both the NSDL and CDSL is INE270A01011.

Shares received in physical form are processed and the share certificates are returned within 10 to 15 days from the date of receipt, subject to the documents being complete and valid in all respects. The Company has, as per SEBI guidelines, offered the facility for dematerialised trading.

The company's equity shares are under compulsory dematerialised trading. Shares held in the dematerialised form are electronically traded in the Depository. The Registrar and the Share Transfer Agent of the Company periodically receives data regarding the beneficiary holdings, so as to enable them to update their records and send all corporate communications, dividend warrants, etc.

As on 31 March 2007, dematerialised shares accounted for 96.48 per cent of total equity.

There are no legal proceedings against Alok on any share transfer matter. Table 8 gives details about the nature of complaints.

Table 8: Number and nature of complaints for the year 2006-07

Nature of complaint	No. of complaints	No. redressed
Non-receipt of shares lodged for transfer	5	5
Non-receipt of dividend for 2005-06	86	86

Shareholding Pattern

Tables 9 and 10 give the pattern of shareholding by ownership and share class respectively.

Table 9: Pattern of shareholding by ownership as on 31 March 2007

Category	No. of shares held	Shareholding %
Promoters	51,007,467	29.94%
Financial Institutions / Banks	3,705,170	2.17%
Mutual Funds (including Unit Trust of India)	12,424,760	7.29%
Insurance Companies	13,093,650	7.69%
Foreign Institutional Investors	65,038,238	38.17%
(including Foreign Bank and Foreign Corporate Bodies)		
Bodies Corporate	10,317,504	6.06%
Non Resident Indians	1,179,890	0.69%
Indian Public	13,605,295	7.99%
Total	**170,371,974**	**100.00%**

Table 10: Pattern of shareholding by share class as on 31 March 2007

Shareholding class	Number of shareholders	Number of shares held	Shareholding %
Up to 2,500	25,851	2,850,804	68.82%
2,501 to 5,000	6,454	2,613,912	17.18%
5,001 to 10,000	2,882	2,434,835	7.67%
10,001 to 20,000	1,145	1,805,808	3.05%
20,001 to 30,000	390	1,022,623	1.04%
30,001 to 40,000	185	666,217	0.49%
40,001 to 50,000	156	748,969	0.41%
50,001 to 1,00,000	242	1,802,640	0.64%
1,00,001 and above	261	156,426,166	0.70%
Total	**37,566**	**170,371,974**	**100.00%**

Details of Public Funding Obtained in the Last Three Years and Outstanding Warrants and Their Implications on Equity

Financial Year 2004-05

On varying dates, the Company issued and allotted 31,870,334 Equity Shares of Rs.10.00 each on conversion of Foreign Currency Convertible Bonds (FCCBs) at varying premiums. Consequently, the total paid-up capital of the Company became 120,101,052 Equity Shares of Rs.10.00 each.

On 9 December 2004, the Company issued and allotted 5,573,700 Equity Shares of Rs.10.00 each, at a premium of Rs. 51.00 per share to the promoter group as preferential allotment. Simultaneously, the Company issued and allotted a further 5,737,700 Equity Shares of Rs. 10.00 each, at a premium of Rs. 51.00 per share to IL&FS and its associates as preferential allotment. Consequent upon these two allotments, the total paid-up capital of the Company became 131,412,452 Equity Shares of Rs.10.00 each.

On 14 March 2005, the Company issued and allotted 2,604,634 Equity Shares of Rs.10.00 each at a premium of Rs.45.67 per share on conversion of Optionally Fully Convertible Debentures (OFCDs) issued to Life Insurance Corporation of India (LIC). After the conversion, the total paid-up capital of the Company became 134,017,086 Equity Shares of Rs.10.00 each.

Financial Year 2005-06

On 7 June 2005, the Company issued and allotted 2,604,634 Equity Shares of Rs.10.00 each at a premium of Rs.45.67 per share on conversion of OFCDs issued to LIC. After the conversion, the total paid-up capital of the Company became 136,621,720 Equity Shares of Rs.10.00 each.

On varying dates, the Company issued and allotted 14,880,336 Equity Shares of Rs.10.00 each on conversion of FCCBs. On 18 August 2005 and 19 August 2005, the Company issued and allotted 4,790,000 Equity Shares and 1,176,400 Equity Shares of Rs.10.00 each, at a premium of Rs.45.67 per share respectively to the promoter group as an outcome of conversion of Warrants. After the conversion, the total paid-up capital of the Company became 157,468,456 Equity Shares of Rs.10.00 each.

Financial Year 2006-07

On 3 April 2006 and 15 May 2006, the Company issued and allotted 1,400,000 Equity Shares and 9,747,540 Equity Shares of Rs.10.00 each at a premium of Rs.51.00 per share on conversion of Optionally Convertible Preference Shares to TAD (Mauritius) Ltd. Consequently, the total paid-up capital of the Company became 168,615,996 Equity Shares of Rs.10.00 each.

On varying dates, the Company issued and allotted 1,755,978 Equity Shares of Rs.10.00 each on conversion of FCCBs at a premium of Rs.61.5875 per share. Consequently, the total paid-up capital of the Company became 170,371,974 Equity Shares of Rs.10.00 each.

Table11: Details of Public Funding obtained during the last three years and its implications on paid up Equity Share Capital.

Financial Year	Amt. Raised through Public Funding	Effect on Paid up equity Share Capital
2004-05	i) 5,573,700 Equity Shares of Rs.10.00 each, at a premium of Rs.51.00 per share to the promoter group as preferential allotment;	After the allotment of Equity Shares and conversion of FCCBs and OFCDs, the total paid-up capital of the Company increased from 88,230,718 Equity Shares of Rs.10/- each to 134,017,086 Equity Shares of Rs.10.00 each.
	ii) 5,737,700 Equity Shares of Rs. 10.00 each, at a premium of Rs. 51.00 per share IL&FS and its associates as preferential allotment.	
	iii) 31,870,334 Equity Shares of Rs.10.00 each at varying premiums on conversion of Foreign Currency Convertible Bonds (FCCBs).	
	iv) 2,604,634 Equity Shares of Rs.10.00 each at a premium of Rs.45.67 per share on conversion of Optionally Fully Convertible Debentures (OFCDs) issued to Life Insurance Corporation of India (LIC).	
2005-06	i) 2,604,634 Equity Shares of Rs.10.00 each at a premium of Rs.45.67 per share on conversion of balance OFCDs issued to LIC.	After the conversion of OFCDs, FCCBs, and Warrants, the total paid-up capital of the Company increased from 134,017,086 Equity Shares of Rs.10/- each to 157,468,456 Equity Shares of Rs.10.00 each.
	ii) 14,880,336 Equity Shares of Rs.10.00 each at varying premiums on conversion of FCCBs.	
	iii) 4,790,000 Equity Shares and 1,176,400 Equity Shares of Rs.10.00 each, at a premium of Rs.45.67 per share respectively to the promoter group as an outcome of conversion of Warrants.	

2006-07	1,400,000 Equity Shares and 9,747,540 Equity Shares of Rs.10.00 each at a premium of Rs.51.00 per share on conversion of Optionally Convertible Preference Shares to TAD (Mauritius) Ltd.	After the conversion of OCPS and FCCBs, the total paid-up capital of the Company increased from 157,468,456 Equity Shares of Rs.10.00 each to 170,371,974 Equity Shares of Rs.10.00 each.
	1,755,978 Equity Shares of Rs.10.00 each at a premium of Rs. 61.5875 per share on conversion of FCCBs.	

Plant Locations

Spinning	•	412, Saily, Silvassa
		Union Territory of Dadra & Nagar Haveli
Weaving	•	Babla Compound, Kalyan Road,
		Dist. Bhiwandi, Thane
	•	17/5/1 and 521/1, Rakholi / Saily, Silvassa
		Union Territory of Dadra & Nagar Haveli
	•	209/1 & 209/4, Dadra,Silvassa
		Union Territory of Dadra & Nagar Haveli
Knitting	•	17/5/1 and 521/1, Rakholi / Saily, Silvassa
		Union Territory of Dadra & Nagar Haveli
Processing	•	C-16/2, Pawane,
		TTC Industrial Area, MIDC, Navi Mumbai, Dist. Thane
	•	261/268, Balitha,
		Taluka Pardi, Dist. Valsad, Gujarat
	•	254, Balitha,
		Taluka Pardi, Dist. Valsad, Gujarat
Garments	•	374/2/2, Saily, Silvassa
		Union Territory of Dadra & Nagar Haveli
	•	C-271/2, TTC Industrial Area
		Turbhe, Navi Mumbai
Made ups	•	374/2/2, Saily, Silvassa
		Union Territory of Dadra & Nagar Haveli
POY	•	521/1, Saily, Silvassa
		Union Territory of Dadra & Nagar Haveli
Texturising	•	103/2, Rakholi, Silvassa
		Union Territory of Dadra & Nagar Haveli
	•	17/5/1 & 521/1 Rakholi /Saily, Silvassa
		Union Territory of Dadra & Nagar Haveli

Investor Correspondence Address

For shares held in physical form
Intime Spectrum Registry Limited
C-13, Pannalal Silk Mills Compound
L.B.S. Marg, Bhandup (West),
Mumbai 400078
Tel:+91-22-2596 3838
Fax:+91-22-2594 6969

For Shares held in dematerialised form
To the Depository Participant

Compliance Officer for Investor Redressal

K.H. Gopal
President (Corporate Affairs) & Secretary
Alok Industries Limited
Peninsula Tower 'A', Peninsula Corporate Park,
GK Marg, Lower Parel
Mumbai 400013
E-mail : gopal@alokind.com

Transfer of unclaimed dividend to Investor Education and Protection Fund (IEPF)

The Notes to the Notice details the due dates on which unclaimed dividends lying in the unpaid dividend accounts of the Company would be credited to the IEPF. Investors are requested to claim their unclaimed dividends before these due dates.

Pursuant to Section 205C of the Companies Act, 1956 and the IEPF (Awareness and Protection of Investors) Rules, 2001, a of sum of Rs. 80,202.00, being the unclaimed dividend for the year 1998-99, has been credited to the IEPF.

To,
The Members
Alok Industries Limited

We have examined the compliance of conditions of Corporate Governance by Alok Industries Limited For the year ended 31st March 2007 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we verify that the company has complied with the conditions of Corporate Governance as stipulated in above mentioned Listing Agreement.

We state that as per the records maintained by the Company, there were no investor grievances remaining pending for a period exceeding one month.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Gandhi & Parekh
Chartered Accountants

Mahesh T. Gandhi
Partner

Membership No: 32471

Place: Mumbai
Dated: 31st July 2007

COMPANY SECRETARIAL COMPLIANCE CERTIFICATE

To,

The Board of Directors,
ALOK INDUSTRIES LIMITED

I have examined the registers, records, books and papers of **ALOK INDUSTRIES LIMITED** as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the Financial year ended on 31st March 2007 (Financial Year). In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, I am of opinion that in respect of the aforesaid Financial Year.

1. The Company has kept and maintained all the registers as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded, subject to reconciliation with the Books of Accounts.

2. According to the information and explanation given to us, the company has granted loans, secured or unsecured/ Deposits to 4 parties covered in the register maintained under section 301 of the Act, the maximum amount involved during the year was 4.07 crore and the year-end balance was Rs.0.95 crore.

3. In our opinion and according to the information and explanation given to us, terms and conditions of such loan are not prima-facie prejudicial to the interest of the company.

4. There is no overdue amount of loans granted by the company to companies, firms or other parties listed in the register maintained under section 301 of the Act.

5. The Company has duly filed the forms and returns with the authorities prescribed under the Act and rules made thereunder.

6. The Board of Directors duly met five times in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.

7. The Annual General Meeting for the Financial Year ended on 31st March 2006 was held on 29th September 2006 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.

8. The Company has paid / posted warrants for dividends to all the members within a period of 30(Thirty) days from the date of declaration of dividend.

9. The Company has appointed Intime Spectrum Registry Ltd. as Share Transfer Agent who have duly informed me that the Company has delivered all the certificates on allotment of securities and on lodgement thereof for transfer/ transmission or any other purpose in accordance with the provisions of the Act.

10. The Board of Directors of the company is duly constituted. The appointment of Directors, Additional Directors and Nominee Directors have been made in accordance with the Provisions of the Act.

11. The Company has redeemed 5,94,60,000 and 85,40,000 10% Optionally Convertible Preference Shares during the Financial Year.

12. The Company has made allotment of 14,00,000 equity shares and 97,47,540 equity shares of Rs.10/- each at a premium of Rs.51 per share on conversion of Optionally Convertible Preference Shares to TAD (Mauritius) Ltd. The Company has also issued and alloted 17,55,978 equity shares of Rs.10/- each on conversion of FCCBs.

13. The Company has altered its Memorandum of Association and Articles of Association during the Financial Year.

14. The Company had constituted the Audit Committee required as per Section 292A of the Act.

15. The Company has appointed Cost Auditors under Section 233B of the Act.

Virendra Bhatt
Practising Company Secretary
ACS 1157 /CP 124

Place: Mumbai
Dated: 31st July 2007

We, Dilip B. Jiwrajka, Managing Director and Sunil O. Khandelwal, Chief Financial Officer, of Alok Industries Limited, hereby certify to the Board that:

(a) We have reviewed financial statements (consolidated and unconsolidated) and the cash flow statement for the year and that to the best of our knowledge and belief:

(i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by Alok Industries Limited during the year which are fraudulent, illegal or violative of the company's code of conduct.

(c) We are responsible for establishing and maintaining internal controls for financial reporting in Alok Industries Limited and we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting. We have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the auditors and the Audit Committee

(i) Significant changes in internal control over financial reporting during the year;

(ii) Significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and

(iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

(e) We affirm that we have not denied any personnel access to the Audit Committee of the company (in respect of matters involving alleged misconduct).

(f) We further declare that all Board members and senior management have affirmed compliance with the code of conduct for the current year.

Place : Mumbai	**Dilip. B. Jiwrajka**	**Sunil O. Khandelwal**
Dated: 31st July 2007	Managing Director	Chief Financial Officer

AUDITORS' REPORT

To,

The Members,
ALOK INDUSTRIES LIMITED

1) We have audited the attached Balance Sheet of Alok Industries Limited as at March 31, 2007, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express on opinion on these financial statements based on our audit.

2) We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain responsible assurance about whether the financial statements are free of material misstatement.An audit includes examining,on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3) As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) order, 2004 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 ("the Act"), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4) Further to our comments in the Annexure referred to in paragraph 3 above, we report that:

   i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   ii) In our opinion, proper books of account as required by law have been kept by the Company so for as appears from our examination of those books;

   iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   iv) In our opinion, the Balance Sheet Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the act;

   v) On the basis of written representations received from the directors, as on March 31, 2007 and taken on record by the Board of Directors, we report that none of the directors is prima-facie disqualified as on March 31, 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;

   vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes these on, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

      a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2007.

      b) In the case of the Profit and Loss Account, of the profit for the year ended on that date; and

      c) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For Gandhi & Parekh
Chartered Accountants

Mahesh T. Gandhi
Partner
Membership No. : 32471

Place: Mumbai
Dated: 31st July 2007

ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in paragraph 3 of our report of even date to the members of the Alok Industries Limited on the financial statements for the year ended March 31, 2007.

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) As explained to us, considering the nature of fixed assets, physical verification of major portion of fixed assets as at march 31, 2007 was conducted by the management during the year, which is reasonable having regard to the size of the company and nature of its business. On the basis of explanations received and documents produced to us for our verification, in our opinion, the net variance found on physical verification were not significant and have been properly dealt with in the books of account.

(c) The fixed assets disposed off during the year, in our opinion, do not constitute substantial part of the fixed assets of the company and such disposal has, in our opinion, not affected the going concern status of the Company.

(ii) (a) As explained to us, inventories (except stocks lying with third parties and in transit, confirmation/subsequent receipt have been obtained in respect of such inventory) have been physically verified during the year by the management at reasonable interval.

(b) The Procedure explained to us, which are followed by the management for physical verification of inventories are reasonable and adequate in relation to the size of the Company and the nature of the business.

(c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. Discrepancies noticed on physical verification of inventory as compared to book records, were not material have been properly dealth with in the books of account.

(iii) (a) According to the information and explanation given to us, the company has granted loans, secured or unsecured /Deposits to 4 parties covered in the register maintained under section 301 of the Act, the maximum amount involved during the year was Rs. 4.07 crores and the year end balance was Rs. 0.95 crore.

(b) In our opinion and according to the information and explanation given to us, terms and conditions of such loan are not prima-facie prejudicial to the interest of the Company.

(c) There are no stipulations for the payment of the principal and interest amount.

(d) There is no overdue amount of loans granted by the company to companies, firms or other parties listed in the register maintained under section 301 of the Act.

(e) According to the informationand explanation given to us, the company has not taken loans, secured or unsecured from parties covered in the register maintained under section 301 of the Act. Therefore, the provisions of sub-clauses (iii) (e) to (g) of clause 4 of the the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate Internal Control System commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. Further on the basis of our examination, and according to the information & explanation given to us we have neither come across nor have been informed of any instance of continuing failure to correct major weaknesses in the aforesaid Internal Control System.

(v) (a) In our opinion and according to the information and explanation given to us, the company has entered the required particulars of contracts or arrangements in the register maintained as referred to in section 301 of the Act.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs in respect of any party during the year, have been made at prices which are generally reasonable, having regard to the prevailing market prices at relevant time.

(vi) In our opinion and according to the information and explanations given to us, the company has complied with the directives issued by the Reserve Bank of India and the provisions of Sections 58-A, 58AA or any other relevant provisions of the Act, and the Companies (acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. To the best of our knowledge and acording to the information and explanation given to us no order has been passed by the Company Law board, National Company Law Tribunal or Reserve Bank of India or any other Tribunal.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) We have broadly reviewed the accounts and records maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under clause 9d) of sub section (1) of Section 209 of the Act in respect of the Company's textile products to which the said rules are made applicable, and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have however, not made a detailed examination of the records with a view to determine whether they are complete and accurate.

(ix) (a) According to the records of the Company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of Income tax, Wealth tax, Sales tax, Service Tax, customs duty and excise duty, cess were outstanding as at March 31, 2007 for a period of more than six months from the date they become payable.

(b) According to the information and explanation given to us, there are no dues in respect of sale tax, income tax, customs tax, wealth-tax, excise duty and cess that have not been deposited on account of any disputes.

(x) The Company neither have accumulated losses at the end of the year, nor incurred cash losses during the current and the immediately preceding financial year.

(xi) According to the information and explanation given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders .

(xii) According to the information and explanation given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares,debentures and other securities.

(xiii) In our opinion, according to the information and explanation given to us, the company is not a Chit Fund or a Nidhi / mutual benefit fund/society. There fore, the provisions of sub-clause (xiii) of clause 4 of the Order are not applicable to the Company.

(xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of sub-clause (xiv) of clause 4 of the Order are not applicable to the Company.

(xv) In our opinion, according to the information and explanation given to us, the company has not given any guarantee for loans taken by others from banks and financial institutions. Therefore, the provision, of clause 4(xv) of the order is not applicable to the Company.

(xvi) On the basis of the records examined by us, and relying on the information compiled by the Company for co-relating the funds raised to the end use of term loans, we have to state that, the company has, prima-facie, applied the term loans for the purposes for which they were obtained, other than amounts temporarily invested pending utilisation of the funds for the intended use.

(xvii) According to the information and explanation given to us and on overall examination of the Balance Sheet of the Company and after placing reliance on the reasonable assumptions made by the Company for classification of Long Term & Short Term usages of the funds, we are of the opinion that, prima-facie, no funds raised on short-term basis have been utilized for long-term investment.

(xviii) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.

(xix) Security / Charge have been created in respect of debentures issued, as detailed in Note No. 1 to Schedule '3' of the Balance Sheet.

(xx) The company has not raised any money by public issue during the year. The Company has disclosed the end use of money raised through FCCB issue during the previous year and has disclosed the end use of such money in note no. 5 of Part 'B' of Schedule '20', which has been verified by us.

(xxi) To the best of our knowledge and belief and according to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the year, that cause the financial statements to be materially misstated.

For Gandhi & Parekh
Chartered Accountants

Mahesh T. Gandhi
Partner
Membership No. : 32471

Place: Mumbai
Dated: 31st July 2007

TO
THE BOARD OF DIRECTORS OF
ALOK INDUSTRIES LIMITED

We have audited the Balance Sheet of ALOK INDUSTRIES LIMITED as on 31st March, 2007, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date (the financial statements) attached hereto, which have been prepared by the Company, in accordance with the Generally Accepted Accounting Principles in India.

Respective Responsibilities of the Management and Auditors

The management of the company is responsible for the preparation of these financial statements. The financial statements have also been audited by a firm of Chartered Accountants appointed as Auditors under the statute (The Companies Act, 1956) who submit separately their report in accordance with the provisions of the Companies Act. It is our responsibility to form an independent opinion, based on our audit of the financial statements, in accordance with the scope of services vide your letter dated 7th March 2007, and to report our opinion to you as a concurrent special assignment.

Basis of Opinion

We conducted our audit in accordance with the auditing standards issued by the Institute of Chartered Accountants of India. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the management in the preparation of the financial statements and whether the accounting policies are appropriate to the circumstances to the company, consistently applied and adequately disclosed. We planned and performed audit so as to obtain all information and explanation, which to the best of our knowledge and belief were necessary for the purposes of our audit.

Opinion

a. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts of the Company and comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act.

b. In our opinion and to the best of our information and according to the explanations given to us, the financial statements read with the significant accounting policies and notes thereon give a true and fair view:

   (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2007;

   (ii) In the case of the Profit and Loss Account, of the profit for the year ended on that date; and

   (iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For Deloitte Haskins & Sells
Chartered Accountants

P. R. Barpande
Partner
Membership no. 15291

Place: Mumbai
Dated: 31st July 2007

BALANCE SHEET AS AT MARCH 31, 2007

(Rs. In Crores)

PARTICULARS	SCHEDULE NO.		AS AT 31.03.2007	AS AT 31.03.2006
I SOURCES OF FUNDS				
(1) Shareholder's Funds				
(a) Capital	1	170.37		225.47
(b) Reserves and Surplus	2	854.07		650.06
			1,024.44	875.53
(2) Loan Funds				
(a) Secured Loans	3	2,833.05		1,800.21
(b) Unsecured Loans	4	503.71		344.29
			3,336.76	2,144.50
(3) Deferred Tax Liability (net)			141.82	100.10
TOTAL			4,503.02	3,120.13
II APPLICATION OF FUNDS				
(1) Fixed Assets				
(a) Gross Block	5	2,345.72		1,403.42
(b) Less : Depreciation		370.40		247.65
(c) Net Block		1,975.32		1,155.77
(d) Capital Work-in-Progress	6	588.89		706.90
(e) Incidental Expenditure during Construction (pending allocation/adjustments)	7	19.59		11.57
			2,583.80	1,874.24
(2) Investments	8		219.49	39.70
(3) Current Assets, Loans and Advances				
(a) Inventories	9	464.46		358.15
(b) Sundry Debtors	10	544.52		354.53
(c) Cash and Bank Balances	11	785.30		533.03
(d) Loans and Advances	12	198.38		158.16
		1,992.66		1,403.87
Less : Current Liabilities and Provisions				
(a) Current Liabilities	13	255.46		171.35
(b) Provisions	14	37.47		26.33
		292.93		197.68
Net Current Assets			1,699.73	1,206.19
TOTAL			4,503.02	3,120.13
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS	20			

As per our attached report of even date

For Gandhi & Parekh
Chartered Accountants

Mahesh T. Gandhi
Partner

Place: Mumbai
Dated: 31st July 2007

For and on behalf of the Board

Ashok B. Jiwrajka - Executive Chairman
Dilip B. Jiwrajka - Managing Director
Surendra B. Jiwrajka - Joint Managing Director
Sunil O. Khandelwal - Chief Financial Officer
K. H. Gopal - President (Corporate Affairs) & Secretary

Place: Mumbai
Dated: 31st July 2007

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2007

(Rs. In Crores)

PARTICULARS	SCHEDULE NO.	Year Ended 31.03.2007	Year Ended 31.03.2006
INCOME			
Sales (inclusive of excise duty)	15	**1,864.12**	1,459.70
Less : Excise duty		**53.92**	52.25
		1,810.20	1,407.45
Job Work Charges collected (Tax Deducted at Source Rs. 0.32 Crore, Previous year Rs. 0.24 Crore)		**14.48**	13.25
		1,824.68	1,420.70
Other Income	16	**37.30**	5.14
Increase in Stocks of Finished Goods and Process Stock	17	**65.33**	20.59
		1,927.31	1,446.43
EXPENDITURE			
Purchase of traded Goods		**98.41**	21.88
Manufacturing and other expenses	18	**1,384.51**	1,123.29
Interest (net)	19	**89.04**	66.78
Depreciation		**123.04**	80.48
PROFIT BEFORE TAX		**232.31**	154.00
Provision for Tax – Current tax		**(25.94)**	(15.57)
– MAT credit entitlement		**1.11**	–
– Deferred Tax		**(41.72)**	(28.52)
– Fringe Benefit tax		**(0.90)**	(0.70)
PROFIT AFTER TAX		**164,86**	109.21
Add : Balance brought forward from previous year		**129.84**	101.55
Add: (Short) / Excess provision for Taxes in respect of earlier years		**(0.16)**	0.08
AMOUNT AVAILABLE FOR APPROPRIATION		**294.54**	210.84
APPROPRIATIONS			
Add : Excess provision for Dividend of earlier year [including tax on dividend Rs. 0.05 Crores, previous year Rs. 0.23 Crore] - Refer Note no. 15 of Part B of Schedule 20		**0.39**	2.08
Less : Transfer to General Reserve		**(50.00)**	(30.00)
Transfer to Debenture Redemption Reserve		**-**	(22.88)
Proposed Dividend			
- On Equity Shares		**(23.85)**	(18.90)
- On Preference Shares (Paid / Provided)		**(0.74)**	(7.59)
Corporate Dividend Tax thereon		**(4.16)**	(3.71)
BALANCE CARRIED TO BALANCE SHEET		**216.18**	129.84
EARNINGS PER SHARE (Refer Note No. 9 of Part B of Schedule 20)			
Basic		**9.70**	6.68
Diluted		**8.72**	6.12
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS	20		

As per our attached report of even date

For Gandhi & Parekh
Chartered Accountants

Mahesh T. Gandhi
Partner

Place: Mumbai
Dated: 31st July 2007

For and on behalf of the Board

Ashok B. Jiwrajka - Executive Chairman
Dilip B. Jiwrajka - Managing Director
Surendra B. Jiwrajka - Joint Managing Director
Sunil O. Khandelwal - Chief Financial Officer
K. H. Gopal - President (Corporate Affairs) & Secretary

Place: Mumbai
Dated: 31st July 2007

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2007

(Rs. In Crores)

	PARTICULARS	Year Ended 31.03.2007	Year Ended 31.03.2006
A]	**Cash Flow Operating Activities**		
	Net Profit Before Tax	**232.31**	154.00
	Adjustments for		
	Depreciation	**123.04**	80.48
	Unrealised gain on Cash and cash eqivalent	**1.53**	(1.32)
	Excess of cost over Fair Value of current Investments	**0.48**	0.70
	Dividend Income	**(0.27)**	(1.57)
	Interest paid (net)	**89.04**	66.78
	Loss on sale of fixed assets (net)	**0.09**	0.18
	Profit on sale of current investments (net)	**(0.24)**	(2.25)
	Operating Profit before working capital changes	**445.98**	297.00
	Adjustments for		
	(Increase) / Decrease in Inventories	**(106.31)**	5.12
	(Increase) / Decrease in Trade Receivables	**(189.99)**	48.44
	Increase in Loans and Advances	**(50.41)**	(45.61)
	Increase in Current Liabilities	**78.24**	14.69
	Cash Generated from Operations	**177.51**	319.64
	Income Taxes Paid	**(21.71)**	(15.70)
	Net Cash Flow from operating activities	**155.80**	303.94
B]	**Cash Flow from Investing Activities**		
	Purchase of Fixed Assets	**(841.67)**	(1,080.83)
	Sale of Fixed Assets	**8.98**	5.20
	Purchase of Investments	**(173.66)**	(174.62)
	Sale of Investments	**132.99**	144.32
	Dividends Received	**0.27**	1.57
	Interest Received	**52.76**	11.45
	Share Application Money paid	**(139.36)**	-
	Inter corporate Deposit refunded / (granted) - net	**10.19**	(16.38)
	Net Cash used in Investing activities	**(949.50)**	(1,109.29)
C]	**Cash Flow from Financing Activities**		
	Proceeds from issue of Equity Share Capital (including premium) (Net)	**80.57**	140.27
	Conversion / Redemption of Preference Share Capital	**(68.00)**	(16.33)
	Redemption of Warrants	**-**	(3.32)
	Proceeds from borrowings (Net)	**1,192.26**	825.59
	Share / Debenture / FCCB Issue Expenses and premium on redemption adjusted in Securities Premium account	**-**	(13.05)
	Dividend Paid	**(23.95)**	(25.31)
	Interest Paid	**(133.38)**	(67.59)
	Net Cash used from Financing activities	**1,047.50**	840.26
	Net Increase Cash and Cash equivalents (A+B+C)	**253.80**	34.91
	Cash and Cash equivalents		
	at the beginning of the period	**531.78**	496.87
	at the end of the period	**785.58**	531.78
	Net Increase in Cash and Cash equivalents	**253.80**	34.91

Notes to Cash Flow Statement

1. Components of Cash and Cash Equivalents include Cash, Cheques on hand and Bank Balances in Current, Cash Credit, Margin money Deposit and Fixed Deposits Accounts.

2. Proceeds from borrowings reflect the increase in Secured and Unsecured Loans and is net of repayments/conversion.

3. Purchase of fixed assets are stated inclusive of movements of Capital Work in Progress and incidental expenditure during construction period (pending allocation/adjustment) between the commencement and end of the year and is considered as part of investing activity.

4. Proceeds from issue of equity share capital represents conversion of optionally convertible preference shares and Foreign Currency Convertible Bonds in to equity during the year. (Refer Note (a) of schedule 1)

(Rs. In Crores)

5. Cash and Cash equivalents includes :	**March 31, 2007**	**March 31, 2006**
Cash and Bank Balances	**785.30**	533.03
Unrealised loss / (gain) on foreign currency Cash and cash equivalents	**0.28**	(1.25)
Total Cash and Cash equivalents	**785.58**	531.78

6. The Cash Flow Statement has been prepared in accordance with the requirements of Accounting Standard "'AS-3' Cash Flow Statement" issued by the Institute of Chartered Accountants of India and the listing agreement with the Stock Exchange.

7. Previous year figures have been reclassified, wherever necessary to correspond to those of the current year.

As per our attached report of even date

For Gandhi & Parekh
Chartered Accountants

Mahesh T. Gandhi
Partner

Place: Mumbai
Dated: 31st July 2007

For and on behalf of the Board

Ashok B. Jiwrajka - Executive Chairman
Dilip B. Jiwrajka - Managing Director
Surendra B. Jiwrajka - Joint Managing Director
Sunil O. Khandelwal - Chief Financial Officer
K. H. Gopal - President (Corporate Affairs) & Secretary

Place: Mumbai
Dated: 31st July 2007

(Rs. In Crores)

PARTICULARS	AS AT 31.03.2007	AS AT 31.03.2006
SCHEDULE '1'		
CAPITAL		
Authorised :		
21,00,00,000 Equity Shares of Rs.10/- each	**210.00**	210.00
9,00,00,000 Preference shares of Rs.10/- each	**90.00**	90.00
	300.00	300.00
Issued and Subscribed :		
Equity Share Capital		
17,03,71,974 (Previous Year 15,74,68,456) Equity shares of Rs.10/- each fully paid up. (See Note 'a' below)	**170.37**	157.47
Preference Share Capital		
Nil (Previous year 6,80,00,000) 10% Optionally Convertible Preference Shares of Rs. 10/- each fully paid up. [See note a(ii) below]	-	68.00
TOTAL	**170.37**	225.47

NOTES :

a) During the year 1,29,03,518 equity shares are issued as under :

i] 17,55,978 (previous year 1,45,05,810) equity shares of Rs.10/- each are issued on conversion of 55 (previous year 411), 1% Foreign Currency Convertible Bonds (FCCBs) of USD 50000/- each together with interest at a premium aggregating to Rs.10.81 crores (previous year Rs.75.35 crores).

ii] 1,11,47,540 equity shares of Rs.10/- each are issued on conversion of 6,80,00,000, 10% Optionally Convertible Preference Shares of Rs.10/- each at a premium aggregating to Rs.56.86 crores on exercising of option by the holders thereof.

b) Of the above shares :

i] 7,45,396 equity shares were allotted as Bonus shares by way of capitalisation of General Reserves.

ii] 62,550 equity shares being forfeited shares were reissued during 2001.

(Rs. In Crores)

PARTICULARS		AS AT 31.03.2007	AS AT 31.03.2006
SCHEDULE '2'			
RESERVES AND SURPLUS			
Capital Reserve			
Balance as per last Balance Sheet		**0.03**	0.03
Capital Redemption Reserve			
Balance as per last Balance Sheet		**2.20**	2.20
Securities premium account			
Balance as per last Balance Sheet	**332.80**		224.64
Add : Received during the year (refer note (a) of schedule 1)*	**67.67**		116.82
Less : Share/Debenture/FCCB issue expenses (net of tax)	**-**		8.66
		400.47	332.80
General Reserve			
Balance as per last Balance Sheet	**145.00**		115.00
Add : Transferred from Profit and Loss Account	**50.00**		30.00
		195.00	145.00
Debenture Redemption Reserve			
Balance as per last Balance Sheet	**40.19**		17.31
Add: Transferred from Profit and Loss Account	**-**		22.88
		40.19	40.19
Surplus in Profit and Loss Account		**216.18**	129.84
TOTAL		**854.07**	650.06

* Securities Premium of Rs.67.67 crores received during the year is on equity shares allotted during the year on conversion (Refer note (a) of Schedule 1)

PARTICULARS		AS AT 31.03.2007	AS AT 31.03.2006
SCHEDULE '3'			
SECURED LOANS			
a. Debentures			
10.00% Redeemable Non Convertible Debentures	**-**		19.00
8.00% Redeemable Non Convertible Debentures	**-**		100.00
8.75% Redeemable Non Convertible Debentures	**50.00**		-
9.00% Redeemable Non Convertible Debentures	**20.00**		-
6.75% Redeemable Non Convertible Debentures	**-**		25.00
		70.00	144.00
b. Term Loans			
(1) From Financial Institutions			
- Rupee Loans	**131.72**		225.55
- Foreign Currency Loans	**110.07**		72.37
	241.79		297.92
(2) From Banks			
- Rupee Loans	**1,896.49**		970.41
- Foreign Currency Loans	**46.69**		52.68
	1,943.18		1,023.09
		2,184.97	1,321.01
c. From Banks on Cash Credit Accounts, Working capital Demand Loans etc. [Includes Rs. 34.59 crores demand loan in foreign currency (Previous Year Rs. 41.73 crores)]		**568.92**	323.08
d. Loans under Hire Purchase/ Lease Arrangements		**9.16**	12.12
TOTAL		**2,833.05**	1,800.21

NOTES:

1 **Debentures are secured by :**

a) i) Nil (previous year 19,00,000) 10% Secured Redeemable Non Convertible Debentures of Rs.100/- each, based on agreement with debenture holders are redeemable at par in six annual installments commencing from 1st December, 2005 till 1st December, 2010. During the year these debentures have been fully redeemed on exercise of premature redemption option by the company.

ii) Nil (previous year 1,000) 8.00% Secured Redeemable Non-Convertible Debentures of Rs. 10,00,000/- each were redeemable in 32 equal quarterly instalments starting from 1st April 2008. During the year these debentures have been fully redeemed on exercise of premature redemption option by the company.

b) All the Debentures in ‘a’ above were secured by (i) a pari passu charge created on all present and future fixed assets of the company subject to exclusive charges created/to be created on specific fixed assets in favour of specified lenders. (ii) a charge created/ to be created on all current assets of the company subject to a prior charge on such current assets created/to be created in favour of the company’s working capital bankers (iii) Registered mortgage on the immovable property situated at Mouje Irana, Taluka Kadi, District Mehsana in the state of Gujarat, and (iv) the personal guarantees of three promoter directors.

c) 500 (previous year Nil) 8.75% Redeemable Non convertible Debentures of Rs.10,00,000/- each, which are redeemable on 25th June 2007 are secured by way of registered mortgage on the immovable property situated at Mouje Irana, Taluka Kadi, District Mehsana in the state of Gujarat, (since redeemed).

d) 200 (previous year Nil) 9.00% Redeemable Non convertible Debentures of Rs.10,00,000/- each, which are redeemable on 24th December 2007 are secured by way of registered mortgage on the immovable property situated at Mouje Irana, Taluka Kadi, District Mehsana in the state of Gujarat.

e) Nil (previous year 250) 6.75% Secured Redeemable Non-Convertible Debentures of Rs. 10,00,000/- each, are redeemed on 2nd November 2006 and were secured by way of registered mortgage on the immovable property situated at Mouje Irana, Taluka Kadi, District Mehsana in the state of Gujarat.

2. **Term loans are secured as under :**

a) Term loans from financial institutions and from banks (Including foreign currency loans) to the extent of Rs.195.44 Crores (Previous year Rs.297.92 Crores) and Rs.1,638.72 Crores (Previous year Rs.699.15 Crores) respectively, are secured by (i) a pari passu first charge created/to be created on all present and future movable and immovable assets of the company subject to exclusive charges created/to be created on specific fixed assets in favour of specified lenders. (ii) a charge created/ to be created on all current assets of the company subject to a prior charge on such current assets created/to be created in favour of the company’s working capital bankers and (iii) the personal guarantees of three promoter directors.

b) Term loan from banks to the extent of Rs.187.32 Crores (Previous year Rs.180.36 Crores) is secured by (i) an exclusive charge created on specific assets financed by them and (ii) the personal guarantees of three promoter directors.

c) Term loan from the banks to the extent of Rs.7.61 Crores (Previous year Rs.10.29 Crores) are secured by (i) an exclusive charge created on specific assets financed by them (ii) a charge created/ to be created on all the assets of the company present and future subject to a prior charge on such asset created/ to be created in favour of the company’s term lenders and working capital bankers and (iii) the personal guarantees of three promoter directors.

d) Term loans from the Banks and Financial Institutions to the extent of Rs.109.53 Crores (previous year Rs.133.29 Crores) and Rs.46.35 Crores (Previous year Rs. Nil) respectively, are secured by (i) subservient charge on all movable assets of the Company present and future subject to prior charge on specific movable assets in favour of the company’s term lenders and working capital bankers (ii) the personal guarantee of three Promoter Directors of the Company.

3 Working Capital limits from banks are secured by (i) hypothecation of Company’s inventories, book debts, etc. (ii) second charge created / to be created on the fixed assets of the Company (iii) immovable properties belonging to the Company / Guarantors and (iv) the personal guarantees of three promoter directors of the Company.

4 Hire Purchase Loans are secured by the respective assets, mainly Plant and Machinery and Equipments, purchased under the said loans.

(Rs. In Crores)

PARTICULARS		AS AT 31.03.2007	AS AT 31.03.2006
SCHEDULE ‘4’			
UNSECURED LOANS			
Fixed Deposits		**0.29**	0.34
Term Loans and Advances			
a) From Banks and Financial Institutions			
- Rupee Loans	**117.05**		47.00
- Foreign currency loans	**49.92**		56.32
		166.97	103.32
b) From Others			
Nil (previous year 20,00,000) 9.40% Unsecured Redeemable Non-convertible Debentures of Rs.100/- each redeemed at par on 26th June, 2006		**-**	20.00
Other Loans and Advances From Banks			
- Foreign Currency Loans		**133.58**	-
934 (previous year 989) 1% Foreign Currency Convertible Bonds (FCCB) (See Note no. 5 of Part B of Schedule 20)		**202.87**	220.63
TOTAL		**503.71**	344.29

NOTES:

1. **Term Loans from Banks**

a) To the extent of Rs.Nil (Previous year Rs.10.00 Crores) was secured on personal guarantee of three promoter directors.

b) Includes commercial paper of Rs.80.00 Crores (Previous year Rs.20.00 Crores) maximum amount outstanding at any time during the year Rs.80.00 crores (Previous year Rs.70.00 Crores).

2 Short Term Foreign Currency Loan of Rs.43.44 crores (previous year Rs.44.62 crores) from Bank are secured by (i) Personal Guarantee of three Promoter Directors and (ii) Power of Attorney to create first charge on the fixed assets of the company in case of default.

SCHEDULE '5'
FIXED ASSETS

(Rs. In Crores)

SR. NO.	DESCRIPTION OF ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		AS AT 01.04.06	ADDITIONS	DEDUCTIONS/ ADJUSTMENT	AS AT 31.03.07	AS AT 01.04.06	FOR THE YEAR	DEDUCTIONS/ ADJUSTMENT	AS AT 31.03.07	AS AT 31.03.07	AS AT 31.03.06
	OWN ASSETS:										
1.	Freehold Land	21.59	5.99	2.82	**24.76**	-	-	-	**-**	**24.76**	**21.59**
2.	Leasehold Land	0.56	-	-	**0.56**	0.09	0.01	-	**0.10***	**0.46**	**0.47**
3.	Factory Building	302.80	218.40	0.10	**521.10**	21.30	14.75	0.04	**36.01**	**485.09**	**281.50**
4.	Office Premises	26.54	-	-	**26.54**	0.55	0.43	-	**0.98**	**25.56**	**25.99**
5.	Plant and Machinery	991.77	706.46	4.97	**1,693.26**	211.81	101.23	-**	**313.04**	**1,380.22**	**779.96**
6.	Computer and Peripherals	9.11	3.87	0.09	**12.89**	4.66	1.65	0.09	**6.22**	**6.67**	**4.45**
7.	Office Equipments	2.28	1.27	-	**3.55**	0.67	0.38	-	**1.05**	**2.50**	**1.61**
8.	Furniture and Fittings	15.32	9.45	-	**24.77**	3.69	1.69	-	**5.38**	**19.39**	**11.63**
9.	Vehicles	5.42	1.00	0.54	**5.88**	1.00	0.77	0.15	**1.62**	**4.26**	**4.42**
10.	Tools and Equipment	4.59	5.22	-	**9.81**	0.66	0.61	-	**1.27**	**8.54**	**3.93**
	Sub-Total	1,379.98	951.66	8.52	**2,323.12**	244.43	121.52	0.28	**365.67**	**1,957.45**	**1,135.55**
	LEASED ASSETS:										
1.	Plant and Machinery	22.38	-	-	**22.38**	2.90	1.67	-	**4.57**	**17.81**	**19.48**
2.	Computer and Peripherals	0.22	-	-	**0.22**	0.13	0.03	-	**0.16**	**0.06**	**0.09**
3.	Vehicles	0.84	-	0.84	**-**	0.19	(0.18)	0.01	**-**	**-**	**0.65**
	Sub Total	23.44	-	0.84	**22.60**	3.22	1.52	0.01	**4.73**	**17.87**	**20.22**
	Total	1,403.42	951.66	9.36	**2,345.72**	247.65	123.04	0.29	**370.40**	**1,975.32**	**1,155.77**
	Total Previous Year	869.38	540.67	6.63	**1,403.42**	168.30	80.60	1.25	**247.65**	**1,155.77**	

** -Rs. 21,188/-

NOTES :

1. Depreciation for the year includes Rs.Nil (Previous year Rs.0.12 Crore), which has been transferred to Incidental Expenditure during Construction period.
2. Deduction from Plant and Machinery includes Rs.4.95 crores (net) [(Previous year Rs.2.80 crore (net)] being decrease in liability payable in foreign currency consequent upon changes in the exchange rates.
3. Plant and Machinery acquired on lease includes Rs.8.12 crores incurred by company for installation etc.
4. Fixed Assets include Rs. Nil (Previous year Rs.0.84 crore) acquired on hire purchase basis on which the lenders have a lien.
5. Freehold land includes Rs.5.10 crores (previous year Rs.1.51 crore) being cost of freehold land at Silvassa acquired by the company, which is presently registered in the personal names of the directors of the Company since the same being agricultural land. The Company is taking steps to obtain permission from the relevant authorities to convert the land as non-agricultural land and transfer the same in the Company's name.
6. Deduction to Leased Assets - Vehicles includes Rs.0.80 crores (previous year Rs.0.42 crores), accumulated depreciation Rs.0.18 crores (previous year Rs.0.09 crores) transferred to own assets on exercising of purchase option at the end of the hire purchase agreement period
7. Addition to Plant and Machinery during the year is net of capital subsidy of Rs.5.26 crores (Previous year Rs.3.80 Crores).

* Amount written off in respect of Leasehold Land for the period of Lease which has expired.

(Rs. In Crores)

PARTICULARS	As at 31.03.2007	As at 31.03.2006
SCHEDULE '6'		
CAPITAL WORK IN PROGRESS		
Capital Expenditure On Projects* (Refer Note no. 7 of part B of Schedule 20)	**459.82**	683.68
Advance for Capital Expenditure	**129.07**	23.22
TOTAL	**588.89**	706.90
* Net of capital subsidy of Rs. Nil (Previous year Rs. 9.37 Crores)		

PARTICULARS	As at 31.03.2007	As at 31.03.2006
SCHEDULE '7'		
INCIDENTAL EXPENDITURE DURING CONSTRUCTION		
(To be allocated on completion of project)		
Opening Balance	**11.57**	7.42
Add : Expenditure Incurred During the period		
Raw Material Consumption	**22.27**	4.27
Payment to and Provision for Employees	**13.67**	7.52
Stores and Spares Consumed	**1.95**	0.71
Power and Fuel	**12.17**	5.24
Legal and professional Fees	**2.97**	1.26
Miscellaneous Expenses	**4.21**	0.89
Upfront Fees	**-**	4.80
Interest paid :		
On Debentures	**0.75**	2.56
On Fixed Loans	**42.84**	28.29
[Net of interest subsidy Rs. 35.82 Crores (Previous year Rs.31.51 Crores)]		
Depreciation	-	0.12
	112.40	63.08
Less : Sales (Trial Run Products Realisation) [Net of Excise Duty Rs. 1.71 Crore (Previous year Rs. 0.05 Crore)]	**(19.48)**	(2.12)
: Interest Received on deposits [(Tax Deducted at Source Rs. 1.54 Crore (Previous year Rs. 3.14 Crore)]	**(14.73)**	(21.08)
: Decrease / (Increase) in Stock of Finished Goods and Process Stock		
Stock as on 1st April		
- Finished Goods	**1.07**	-
- Process Stock	**2.86**	-
	3.93	-
Less : Transferred to inventory*		
- Finished Goods	**(1.07)**	-
- Process Stock	**(2.86)**	**-**
	(3.93)	-
Less : Stock as on 31st March		
- Finished Goods	**-**	(1.07)
- Process Stock	**-**	(2.86)
TOTAL	**78.19**	35.95
Less : Allocated to Fixed Assets on completion of projects.	**58.60**	24.38
(Refer Note No. 7 of Part B of Schedule 20)		
TOTAL	**19.59**	11.57

* Unutilised inventory transferred to inventoy on completion of project.

(Rs. In Crores)

PARTICULARS	AS AT 31.03.2007		AS AT 31.03.2006
SCHEDULE '8'			
INVESTMENTS			
A) LONG TERM INVESTMENTS			
(At cost / carrying amount unless otherwise stated) - fully paid			
In Equity shares			
In Subsidiary Companies - Unquoted (Trade)			
Alok Inc. [50 (Previous year Nil) Equity Shares of USD 200 each]	0.04		-
Alok Industries International Limited			
[50,000 (Previous year Nil) Equity Shares of USD 1 each]	0.22		-
Alok Infrastructure Private Limited			
[50,000 (Previous year Nil) Equity Shares of Rs.10/- each]	0.05		-
		0.31	-
Others - Unquoted (Trade)			
The Greater Bombay Co-operative Bank Limited			
[4,000 Equity Shares of Rs.25/- each (Rs. 40,000)]	-		-
Saraswat Co-operative Bank Limited			
[1,000 Equity Shares of Rs.10/- each (Rs. 10,000)]	-		-
Shirt Company (India) Limited			
[5,00,000 Equity Shares of Rs.10/- each]	7.50		7.50
Dombivali Nagari Sahakari Bank Ltd.			
[40,000 Equity Shares of Rs. 50/- each]	0.20		0.20
Kalyan Janata Sahakari Bank Ltd.			
[42,020 Equity Shares of Rs. 25/- each]	0.11		0.11
		7.81	7.81
Others - Quoted (Trade)			
Grabal Alok Impex Limited		**3.99**	3.99
19,00,000 Equity Shares of Rs. 10/- each			
(Pledged against finance availed)			
In Preference Shares			
In Subsidiary Company			
Alok Industries International Limited			
[50,74,240 (Previous year Nil) Preference Shares of USD 1 each]	22.05		-
		22.05	-
B) CURRENT INVESTMENTS (At lower of cost or fair value) - fully paid			
In equity shares - Quoted			
Peninsula Land Limited			
[20,000 (previous year Nil) Equity Shares of Rs.10/- each]		**0.74**	-
In Bonds - Unquoted			
5, 7.50% Bank of India - Series VIII bonds of Rs.10,00,000/- each	0.50		0.50
Nil (Previous year 20), 8.95% ING Vysya Bank - Tier II,			
Series 3 bonds of Rs.10,00,000/- each	-		2.00
2, (Previous year Nil), 9.50% Binani Cement Ltd.	0.21		-
1, (Previous year Nil), 8.00% Dalmia Cement Ltd.	0.10		-
2, (Previous year Nil), 8.10% Dalmia Cement Ltd.	0.20		-
1 (Previous year Nil), 7.15% Indian Oil Corporation	0.10		-
10 (Previous year Nil), 8.90% Industrial Development Bank of India	1.00		-
1 (Previous year Nil), 10.00% Jaiprakash Hydro Power Limited	0.11		-
100, 7.60% Syndicate Bank - Series IX bonds of Rs.10,00,000/- each	10.00		10.00
Nil (Previous year 45), 8.75% UTI Bank Ltd. - Series XI bonds of			
Rs.10,00,000/- each	-		4.50
		12.22	17.00

(Rs. In Crores)

PARTICULARS		AS AT 31.03.2007	AS AT 31.03.2006
In Mutual Funds - Unquoted			
Birla Infrastructure Fund - Growth	-		0.50
(Nil (Previous year 4,88,998) units of Rs.10/- each)			
Birla Sunlife Cash Manager - Growth	10.00		-
(54,31,830.53 (Previous year Nil) units of Rs.10/- each)			
Canbank Fixed Maturity Plan - Growth	2.00		-
(20,00,000 (Previous year Nil) units of Rs.10/- each)			
Chola Contra Fund	-		0.50
(Nil (previous year 4,88,998) units of Rs.10/- each)			
HSBC Advantage India Fund - Growth	-		0.55
(Nil (previous year 5,37,897) units of Rs.10/- each)			
ING ATM Fund - Growth	0.35		0.70
(3,50,000 (Previous year 7,00,000) units of Rs.10/- each)			
ING Vysya Bank - Lion Fund	-		0.50
(Nil (previous year 5,00,000) units of Rs.10/- each)			
Kotak Lifestyle Fund - Growth	-		1.00
(Nil (previous year 10,00,000) units of Rs.10/- each)			
LIC MF Index Fund - Sensex Plan - Dividend	-		0.45
(Nil (previous year 3,01,546.33) units of Rs.10/- each)			
LIC MF Liquid Fund - Dividend	20.01		-
(1,82,27,577 (Previous year Nil) units of Rs.10/- each)			
Optimix Income Growth Multi Manager - 30% Growth	0.25		-
(2,47,524.75 (Previous year Nil) units of Rs.10/- each)			
Principal Large Cap Fund - Growth	-		0.25
(Nil (Previous year 1,73,403) units of Rs.10/- each)			
Principal Infrastructure & Service Industries Fund - Growth	-		0.35
(Nil (Previous year 3,42,298) units of Rs.10/- each)			
Prudential ICICI Service Industries Fund - Growth	-		0.25
(Nil (Previous year 2,44,499) units of Rs.10/- each)			
Sahara Infrastructure Fund	-		0.25
(Nil (Previous year 2,50,000) units of Rs.10/- each)			
SBI Blue Chip Fund - Dividend	-		0.25
(Nil (Previous year 2,50,000) units of Rs.10/- each)			
SBI - MF - MMIP Floater	-		0.50
(Nil (Previous year 5,00,000) units of Rs.10/- each)			
SBI - Inst. Liquid Fund	-		3.00
(Nil (Previous year 30,00,000) units of Rs.10/- each)			
SBI - One India Fund - Growth	0.40		-
(4,00,000 (Previous year Nil) units of Rs.10/- each)			
UTI Leadership Equity Fund - Growth	-		0.50
(Nil (Previous year 4,88,998) units of Rs.10/- each)			
UTI Master Value Fund - Dividend	-		1.35
(Nil (Previous year 6,96,621 units of Rs.10/- each)			
		33.01	10.90
C) SHARE APPLICATION MONEY (TO SUBSIDIARY COMPANIES)			
Alok Industries International Limited	81.58		-
Alok Infrastructure Private Limited	57.78		-
		139.36	-
		219.49	39.70
Note:			
1) Quoted Investment : Aggregate cost / carrying value		4.73	3.99
: Aggregate market value		26.39	25.75
2) Unquoted Investment : Aggregate cost / carrying value		75.40	35.71

PARTICULARS	Nos.	Face value Rs. Per unit/ share/bond	Purchase cost (Rs. in Crores)
INVESTMENT BOUGHT AND SOLD DURING THE YEAR			
In Mutual Funds			
ABN Amro Future Leaders Fund - Growth	100,000	10.00	0.10
ABN Amro Future Leaders Fund - Growth	100,000	10.00	0.10
ABN Amro Future Leaders Fund - Growth	100,000	10.00	0.10
Canfloating Rate Short Term Growth Fund	10,000,000	10.00	10.00
Fidelity India Special Situations Fund - Growth	100,000	10.00	0.10
Fidelity India Special Situations Fund - Growth	100,000	10.00	0.10
Fidelity India Special Situations Fund - Growth	100,000	10.00	0.10
Fidelity India Special Situations Fund - Growth	100,000	10.00	0.10
Fidelity India Special Situations Fund - Growth	100,000	10.00	0.10
Fidelity India Special Situations Fund - Growth	100,000	10.00	0.10
ING Vysya ATM Fund - Growth	350,000	10.00	0.35
LIC MF Liquid Fund - Dividend Plan	50,000,000	10.00	50.00
LIC MF Liquid Fund - Dividend Plan	25,000,000	10.00	25.00
Lotus India Liquid Fund - Institutional Growth	1,000,000	10.00	1.00
Liquid Option Institutional Premium plan - Dividend Reinvestment Daily	10,000,000	10.00	10.00
Liquid Option Institutional Premium plan - Dividend Reinvestment Daily	4,500,000	10.00	4.50
Principal Monthly Income Plan Dividend Reinvestment Monthly	500,000	10.00	0.50
SBI Magnum Institutional Income - Savings - Dividend	4,000,000	10.00	4.00
SBI Magnum Institutional Income - Savings - Dividend	1,000,000	10.00	1.00
SBI Magnum Insta Cash Fund Liquid Floater Plan - Growth	500,000	10.00	0.50
Sundaram BNP Paribas Rural India Fund - Growth	250,000	10.00	0.25
UTI Index Select Equity Fund	250,000	10.00	0.25
UTI Index Select Equity Fund	250,000	10.00	0.25
UTI Floating Rate Fund - Short term Plan - Growth	30,000	1,000.00	3.00
Bonds			
9.10% UTI Bank Limited - Tier II (Series XI)	39	1,000,000.00	3.90
9.28% UCO Bank NCD Tier II 2021	1	1,000,000.00	0.10
9.25% Punjab & Sind Bank 2016	2	1,000,000.00	0.20
Equity Shares			
Reliance Petroleum Limited	14,001	10.00	0.08
D.S.Kulkarni Developers Limited	1,385	10.00	0.04
Patel Engineering Limited	3,332	1.00	0.15
Akruti Nirman Limited	292	10.00	0.02
Indian Bank	27,920	10.00	0.25

(Rs. In Crores)

PARTICULARS		AS AT 31.03.2007	AS AT 31.03.2006
SCHEDULE '9'			
INVENTORIES [At Cost or Net Realisable value whichever is lower]			
Stores, Spares, Packing Materials and others		26.22	12.73
Stock-In-trade :			
Raw Materials	133.03		105.54
Process Stock (includes Rs. Nil (previous year Rs. 2.86 crores) Project Stock] (Refer Schedule 7)	174.87		119.81
Finished Goods / Traded Goods [includes Rs. Nil (previous year Rs. 1.07 crores) Project Stock] (Refer Schedule 7)	130.34		120.07
		438.24	345.42
TOTAL		464.46	358.15

SCHEDULE '10'		
SUNDRY DEBTORS (Unsecured)		
Debt outstanding for a period exceeding six months	24.06	19.60
Other Debts	524.32	337.89
Gross	548.38	357.49
Less : Provision	3.86	2.96
TOTAL	544.52	354.53
Considered Good	544.52	354.53
Considered Doubtful	3.86	2.96
TOTAL	548.38	357.49

Note: Sundry debtors includes Rs. 29.93 Crores (Previous year Rs. 29.52 Crores) towards contractual obligations on account of export incentives receivable.

SCHEDULE '11'		
CASH AND BANK BALANCES		
Cash on Hand	0.48	0.25
Cheques in Hand	39.97	8.79
Bank Balances :		
a) With Scheduled Banks		
- In Cash Credit Accounts	-	0.02
- In Current Accounts	12.52	19.89
- In Deposits Accounts [(including interest accrued thereon Rs. 6.62 Crores) (Previous year Rs. 2.34 Crores)]	440.36	187.73
- In Margin Money Deposits	228.93	165.75
b) With Others		
- In Current Account	0.02	0.01
- In Deposit Accounts	63.02	150.59
[Maximum amount outstanding at any time during the year Rs. 606.37 Crores (Previous year Rs. 232.80 Crores)]		
TOTAL	785.30	533.03
Margin Money Deposit includes Rs. 187.88 Crores (Previous year Rs. 133.29 Crores) towards 100% LC margin against import of plant and machinery		

(Rs. In Crores)

PARTICULARS		AS AT 31.03.2007	AS AT 31.03.2006
SCHEDULE '12'			
LOANS AND ADVANCES			
[Unsecured, considered good]			
Advances recoverable in cash or kind or for value to be received		**186.98**	138.40
Loans / Inter Corporate Deposits		**6.19**	16.38
Deposits		**3.96**	3.24
Balances With Central Excise Collectorate		**0.14**	0.14
MAT Credit Entitlement		**1.11**	-
(Refer note 14 of Part B of Schedule 20)			
TOTAL		**198.38**	158.16

Loans and Advances includes:

a) Rs.64.00 Crores (Previous year Rs.56.10 crores) towards Modvat credit balances to be utilised in the subsequent years
b) Rs.64.19 Crores (previous year Rs.51.55 crores) towards interest / capital subsidy receivable under the TUF scheme of Government of India
c) Rs.1.77 Crores (previous year Rs.1.24 crores) being deposits towards office/residential premises taken on rental basis
d) Rs.0.08 Crores (previous year Rs.0.13 crores) due from Officers of the company [maximum amount outstanding during the year Rs.0.33 crores (previous year Rs.0.15 Crores)

SCHEDULE '13'			
CURRENT LIABILITIES			
Sundry Creditors [including Acceptances Rs. 86.95 Crores,			
(Previous year Rs. 79.55 Crores)]			
Total Outstanding dues to :			
- Small scale industrial undertakings	**2.41**		2.69
- Creditors other than small scale industrial undertakings	**225.63**		151.35
		228.04	154.04
Unclaimed Dividend *		**0.37**	0.31
Interest Accrued but not due on loans		**21.25**	12.83
Advance from customers		**5.80**	4.17
TOTAL		**255.46**	171.35

* includes Rs.Nil (Previous year Rs 48,758/-) due and outstanding to be credited to Investor Education and Protection Fund

Notes:

1) Sundry Creditors includes Rs.0.35 crores (previous year Rs.0.69 crores) being overdrawn bank balances as per books consequent to issue of cheques at the year end though the banks have positive balances as on that date.
2) The Company has not received intimation from suppliers regarding the status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act have not been given.

SCHEDULE '14'		
PROVISIONS		
Provision for Gratuity and Leave Encashment	**4.76**	2.21
Proposed Dividend	**23.85**	20.60
Provision for Tax on Dividend	**4.05**	2.89
Provision for Taxation (Net of advance tax payments)	**4.81**	0.63
TOTAL	**37.47**	26.33

(Rs. In Crores)

PARTICULARS		AS AT 31.03.2007	AS AT 31.03.2006
SCHEDULE '15'			
SALES			
Sales – Local	1,222.41		1,065.15
Sales – Export	622.54		375.22
		1,844.95	1,440.37
Export Incentive		19.17	19.33
TOTAL		1,864.12	1,459.70

PARTICULARS		AS AT 31.03.2007	AS AT 31.03.2006
SCHEDULE '16'			
OTHER INCOME			
Dividend Income			
On long term investment	0.16		0.14
On Current investment	0.11		1.43
		0.27	1.57
Insurance Claim received		0.14	-
Miscellaneous Income		-	0.06
Profit on sale of Current Investments (Net)		0.24	2.25
Rent		-	0.01
Exchange Rate difference (Net)		33.54	-
Provision for Doubtful Debts and Advances written back		1.18	1.25
Sundry Credit Balances written back		1.93	-
TOTAL		37.30	5.14

PARTICULARS		AS AT 31.03.2007	AS AT 31.03.2006
SCHEDULE '17'			
INCREASE IN STOCK OF FINISHED GOODS AND PROCESS STOCK			
CLOSING STOCK AS ON MARCH 31 , 2007			
Finished Goods / Traded Goods	130.34		119.00
Process Stock	174.87		116.95
		305.21	235.95
LESS : TRANSFERRED*			
Finished Goods / Traded Goods	1.07		-
Process Stock	2.86		-
		3.93	-
LESS: OPENING STOCK AS ON APRIL 1, 2006			
Finished Goods / Traded Goods	119.00		119.20
Process Stock	116.95		96.16
		235.95	215.36
TOTAL		65.33	20.59

* Transferred to inventory being unutilised inventory on completion of project (Refer Schedule 7)

(Rs. In Crores)

PARTICULARS		AS AT 31.03.2007	AS AT 31.03.2006
SCHEDULE '18'			
MANUFACTURING AND OTHER EXPENSES			
Raw Material Consumed		**1,010.79**	846.86
Payment to and Provisions for Employees :			
Salaries, Wages and Bonus	**43.60**		25.28
Contribution to Provident Fund and Other Funds	**1.71**		1.21
Employees Welfare Expenses	**2.66**		1.55
		47.97	28.04
Operational and Other Expenses			
Stores and Spares Consumed		**17.19**	11.13
Packing Materials Consumed		**35.01**	25.72
Power and Fuel		**89.74**	66.79
Processing Charges		**20.69**	16.03
Labour Charges		**19.15**	11.29
Excise Duty		**(0.43)**	1.22
Donation		**2.05**	1.56
Freight ,Coolie & Cartage		**30.84**	24.78
Exchange Rate Difference (Net)		**-**	1.32
Legal and Professional Fees		**19.57**	5.73
Rent		**3.20**	1.28
Rates and Taxes		**4.55**	7.44
Repairs and Maintenance			
- Plant and Machinery	**1.62**		1.49
- Factory Building	**0.99**		0.68
- Others	**1.42**		1.48
		4.03	3.65
Commission on Sales		**9.96**	8.24
Provision for Doubtful Debts and Advances		**2.08**	1.79
Bad debts and other advances written off		**0.19**	5.33
Directors Remuneration		**2.40**	2.40
Directors Fees and Commission		**5.04**	5.03
Auditors Remuneration			
- Audit Fees	**0.12**		0.12
- Tax Audit Fees	**0.01**		0.01
- Certification Fees	**0.02**		0.02
		0.15	0.15
Insurance		**4.58**	3.05
Loss on Sale of Fixed Assets (net)		**0.09**	0.18
Excess of Cost over Fair value of current Investments		**0.48**	0.70
Miscellaneous Expenses		**55.19**	43.58
[Miscellaneous Expenses includes Printing and Stationery, Bank Charges, Advertisement, Bill Discounting Charges etc.]			
TOTAL		**1,384.51**	1,123.29

(Rs. In Crores)

PARTICULARS		AS AT 31.03.2007	AS AT 31.03.2006
SCHEDULE '19'			
INTEREST (NET)			
Interest Paid			
On Debentures	**12.76**		5.09
[Net of Interest Subsidy Rs.1.20 Crores (Previous year Rs. Nil)]			
On Fixed Loan	**64.47**		33.44
[Net of Interest Subsidy Rs. 35.51 Crores (Previous year Rs. 13.52 Crores)]			
On Cash Credit Accounts etc	**64.57**		39.70
		141.80	78.23
Less : Interest Received on Loans, Deposits etc		**52.76**	11.45
(Tax Deducted at Source Rs. 7.22 Crore (Previous year Rs. 2.30 Crore]			
TOTAL		**89.04**	66.78

SCHEDULE '20'

A) SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation of Financial Statements

The accompanying financial statements have been prepared under the historical cost convention in accordance with generally accepted accounting principles in India, the applicable Accounting Standards issued by The Institute of Chartered Accountants of India (ICAI) and the provisions of the Companies Act, 1956.

2. Use of Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles require estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between, the actual results and estimates are recognised in the period in which the results are known / materialise.

3. Revenue Recognition

a) Revenue on sale of products is recognised when the products are dispatched to customers, all significant contractual obligations have been satisfied and the collection of the resulting receivable is reasonably expected. Sales are stated net of returns and sales tax collected.

b) Revenue in respect of insurance/other claims, interest etc. is recognised only when it is reasonably certain that the ultimate collection will be made.

4. Fixed Assets

a) **Own Assets:**

Fixed Assets are stated at cost of acquisition or construction including incidental expenses. They are stated at historical cost less accumulated depreciation and impairment loss, if any.

Exchange differences on translation /repayment of foreign currency liability incurred for the purpose of acquiring fixed assets from country outside India are adjusted in carrying amount of the respective fixed assets.

Fixed assets acquired and put to use for project purposes are capitalised and depreciation thereon is included under "Incidental Expenditure During Construction".

b) **Assets taken on lease**:

1) Finance Lease:

Assets taken on lease after April 1, 2001 are accounted for as fixed assets in accordance with Accounting Standard on "Leases" AS-19 issued by ICAI. Accordingly, the assets have been accounted at fair value. Lease payments are apportioned between finance charges and reduction of outstanding liability.

2) Operating Lease:

Assets taken on lease under which, all the risk and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating leases are recognised as expenses on accrual basis in accordance with the respective lease agreements.

5. Investments

Investments classified as Long Term Investments are stated at cost. Provision is made to recognise a decline, other than temporary, in the value of investments. Current investments are carried at cost or fair value whichever is lower.

6. Capital Work- in-Progress / Incidental Expenditure During Construction

Projects under commissioning are carried forward at cost as capital work in progress and represent payments made to contractors including advances.

Incidental expenditure in relation to project under commissioning is carried forward till completion of project and comprises of direct cost, related incidental expenditure and attributable interest.

7. Depreciation

a) Depreciation on Fixed Assets is provided on Straight Line Method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

b) Cost of leasehold land is amortised over the period of lease.

8. Foreign Currency Transactions

a) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transactions.

b) Monetary items denominated in foreign currencies at the year end are restated at the year end rates. In case of monetary items, which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contracts is recognised as exchange difference over the life of the contract together with premium/discount thereon.

c) Non-monetary foreign currency items are carried at cost.

d) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the profit and loss account except in cases where they relate to acquisition of fixed assets acquired from countries outside India in which case they are adjusted to the carrying cost of such assets.

9. Inventories

Items of Inventories are valued on the basis given below:

1. Raw Materials, Packing Materials, Stores and Spares and Trading goods: at cost determined on First – In – First – Out (FIFO) basis or net realisable value, whichever is lower.

2. Process stock and Finished Goods: At weighted average cost or net realisable values whichever is lower. Cost comprises of cost of purchase, cost of conversion and other costs incurred in bringing the inventory to their present location and condition.

10. Retirement Benefits

a) Contribution payable to the Company's Provident Fund is charged to revenue.

b) The Company has taken a group gratuity policy for future payment of gratuity with the Life Insurance Corporation (LIC) of India. Contribution paid/payable by the company to the LIC is charged to revenue on the basis of actuarial valuation towards demand worked out by LIC.

c) Liability for leave encashment benefit is determined in accordance with the rules of the Company and charged to revenue.

11. Accounting of CENVAT credit

Cenvat credit available is accounted by recording material purchases net of excise duty. Cenvat credit availed is accounted on adjustment against excise duty payable on dispatch of finished goods.

12. Government Grants

Grants, in the nature of interest subsidy under the Technology Upgradation Fund Scheme (TUFS), are accounted for when it is reasonably certain that ultimate collection will be made. Government grants not specifically related to fixed assets are recognised in the Profit and Loss Account in the year of accrual / receipt.

13. Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue.

14. Income taxes

Tax expense comprises of current tax, deferred tax and fringe benefit tax (FBT). Current tax and deferred tax are accounted for in accordance with Accounting Standard (AS-22) on "Accounting for taxes on Income", issued by ICAI. Current tax is measured at the amount expected to be paid / recovered from the tax authority using the applicable tax rates. Deferred tax assets and liabilities are recognised for future tax consequence attributable to timing difference between taxable income and accounting income that are capable of reversing in one or more subsequent periods and are measured at relevant enacted/ substantively enacted tax rates. At each balance sheet date, the Company reassesses unrealised deferred tax assets to the extent they become reasonably certain or virtually certain of realisation, as the case may be. FBT is recognised in accordance with the relevant provision of Income Tax Act, 1961 and the Guidance Note on FBT issued by ICAI. Minimum Alternate Tax (MAT) credit entitlement is recognised in accordance with the Guidance Note on "Accounting for credit available in respect of Minimum Alternate Tax under the Income Tax Act, 1961" issued by ICAI (Refer note no. 14 of Part B of Schedule 20).

15. Intangible Assets

Intangible assets are recognised only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably. The intangible assets are recorded at cost and are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

16. Impairment of Fixed Assets

At the end of each year, the company determines whether a provision should be made for impairment loss on fixed assets by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard (AS-28) ''Impairment of Assets'' issued by the ICAI. An impairment loss is charged to the Profit and Loss Account in the year in which, an asset is identified as impaired, when the carrying value of the asset exceeds its recoverable value. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

17. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the Notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

18. Issue Expenses

Expenses incurred in connection with the issue of shares, debentures and Foreign Currency Convertible Bonds, are adjusted against Securities Premium Account.

B) NOTES TO ACCOUNTS

1 Contingent Liabilities in respect of

(Rs. In Crores)

Sr. No.	Particulars	Current Year	Previous Year
A	Customs duty on shortfall in export obligation in accordance with Exim Policy (The company is hopeful of meeting the export obligation within the stipulated period)	**Amount Unascertained**	Amount Unascertained
B	Guarantees given by banks on behalf of the Company	**8.41**	7.02
C	Bills discounted	**61.96**	29.45

2 Capital Commitments

	Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advances)	**312.60**	181.73

3 Related Parties Disclosure

a) Names of related parties and nature of relationship

As per Accounting Standard (AS - 18) "Related Party Disclosures" issued by the ICAI, Company's related parties disclosed as below:

1) Names of related parties and description of relationship.

I Associates

Alok Denims (India) Pvt. Ltd.
Alok Finance Pvt. Ltd.
Alok Knit Exports Limited
Alok Textile Traders
Ashok B. Jiwrajka (HUF)
Ashok Realtors Pvt. Ltd.
Buds Clothing Co.
D. Surendra & Co.
Dilip B. Jiwrajka (HUF)
Grabal Alok Impex Ltd.
Grabal Alok International Limited
Vaibhav Knit Fab
Grabal Alok (UK) Ltd. (Formerly known as Hamsard 2353 Ltd.)
Green Park Enterprises
Honey Comb Knit Fabrics
Jiwrajka Associates Pvt. Ltd.
Jiwrajka Investment Pvt. Ltd.
Niraj Realtors & Shares Pvt. Ltd.
Nirvan Exports
Nirvan Holdings Pvt. Ltd.
Pramatex Enterprises
Pramita Creation Pvt. Ltd.
Surendra B. Jiwrajka (HUF)
Tulip Textiles
Alspun Infrastructure Ltd.

II Subsidiaries

Alok Inc.
Alok Industries International Ltd.
Alok Infrastructure Pvt. Ltd.

III Key Management Personnel

Ashok B. Jiwrajka, Chandrakumar Bubna, Dilip B. Jiwrajka, Surendra B. Jiwrajka } Directors
Alok A. Jiwrajka

IV Relatives of Key Management Personnel

Prita D. Jiwrajka
S. P. Bubna

2) Nature of transaction with Associates, Subsidiaries, Key Management Personnel and Relative of Key Management Personnel.

(Rs. in Crores)

Transaction	Associates	Subsidiary	Key Management Personnel	Relative of Key Management Personnel	Total
a) Loan and Advances					
Balance as at 1st April	4.07	-	-	-	4.07
	(0.45)	(-)	(-)	(-)	(0.45)
Granted during year (Net)	-	0.06	-	-	0.06
	(3.92)	(-)	(-)	(-)	(3.92)
Received / Adjustment during the year	3.12	-	-	-	3.12
	(0.30)	(-)	(-)	(-)	(0.30)
Balance as at 31St March	0.95	0.06	-	-	1.01
	(4.07)	(-)	(-)	(-)	(4.07)
b) Investment					
Balance as at 1st April	3.99	-	-	-	3.99
	(3.99)	(-)	(-)	(-)	(3.99)
Invested during year	-	22.36	-	-	22.36
	(-)	(-)	(-)	(-)	(-)
Balance as at 31st March	3.99	22.36	-	-	26.35
	(3.99)	(-)	(-)	(-)	(3.99)
c) Share Application Money					
Given during the year	-	139.36	-	-	139.36
	(-)	(-)	(-)	(-)	(-)
Balance as at 31st March	-	139.36	-	-	139.36
	(-)	(-)	(-)	(-)	(-)
d) Sundry Debtors					
Balance as at 31st March	-	-	-	-	-
	(0.02)	(-)	(-)	(-)	(0.02)
e) Turnover					
Sales of goods	30.11	-	-	-	30.11
	(17.59)	(-)	(-)	(-)	(17.59)
f) Expenditure					
Purchase of goods	2.09	-	-	-	2.09
	(2.10)	(-)	(-)	(-)	(2.10)
Purchase of fixed assets	-	-	-	-	-
	(2.78)	(-)	(-)	(-)	(2.78)
Rent	0.20	-	-	-	0.20
	(0.23)	(-)	(-)	(-)	(0.23)
Remuneration	-	-	7.42	0.04	7.46
	-	(-)	(7.42)	(0.03)	(7.45)
Interest	-	-	-	-	-
	(0.54)	(-)	(-)	(-)	(0.54)
Marketing Service Charges	-	0.37	-	-	0.37
	(-)	(-)	(-)	(-)	(-)
g) Dividend Paid	0.37	-	-	-	0.37
	(0.37)	-	-	-	(0.37)
h) Income					
Dividend	0.14	-	-	-	0.14
	(0.14)	(-)	(-)	(-)	(0.14)
Rent	0.01	-	-	-	0.01
	(0.01)	(-)	(-)	(-)	(0.01)

Note: 1) Related party relationship is as identified by the company and relied upon by the Auditors.
2) Previous year figures are given in brackets.

3. **Out of the above items, transaction in excess of 10% of the total Related Party transactions are as under :-**

(Rs. in Crores)

Transaction	Current Year Amount		Previous Year Amount
a) Loans and advances			
Associates:			
Granted during the year (Net) -			
Grabal Alok Impex Limited	-		3.62
		-	3.62
Received/Adjusted during the year-			
Grabal Alok Impex Limited	2.82		-
		2.82	-
Subsidiary			
Granted during the year (Net) -			
Alok Industries International Limited	0.03		-
Alok Inc.	0.03		-
		0.06	-
b) Investment			
Subsidiary			
Invested During the year(Net)-			
Alok Industries International Limited	22.27		-
		22.27	-
c) Share Application Money			
Subsidiary			
Given During the year(Net)-			
Alok Industries International Limited	81.58		-
Alok Infrastructure Private Limited	57.78		-
		139.36	-
d) Turnover			
Associates:			
Grabal Alok Impex Ltd	27.12		17.03
		27.12	17.59
e) Expenditure			
Purchase of Goods:			
Associates-			
Grabal Alok Impex Ltd		2.09	2.10
Purchase of Fixed Assets:			
Associates-			
Green Park Enterprises	-		2.78
		-	2.78
Rent:			
Associates-			
Alok Denims (India) Pvt. Ltd.	0.20		0.20
		0.20	0.20
Remuneration:			
Key Management Personnel-			
Ashok B. Jiwrajka	1.85		1.85
Chandrakumar Bubna	1.85		1.85
Dilip B. Jiwrajka	1.85		1.85
Surendra B. Jiwrajka	1.85		1.85
		7.40	7.40
Interest:			
Associates-			
Grabal Alok Impex Ltd		-	0.54
Marketing Service Charges			
Alok Inc.		0.37	-

(Rs. in Crores)

Transaction	Current Year Amount		Previous Year Amount
f) Dividend Paid			
Associates-			
Grabal Alok Impex Ltd		0. 37	0.37
g) Income			
Dividend:			
Associates-			
Grabal Alok Impex Ltd		0.14	0.14
Rent received:			
Associates-			
Alok Denims (India) Pvt. Ltd.		0.01	0.01

b Details in accordance with clause 32 of the listing agreement with the stock exchanges.

i) Loans & Advance to associates, firms or companies in which directors are interested – Rs.0.81 crores (Previous year Rs. 3.62 crores) is not considered as it is repayable on demand and Interest is charged at market rates (excludes deposit for rented premises and share application money).

ii) Investment by Loanee in the shares of the company

Name of the Company	No.of equity shares	Face Value (Rupees)
Grabal Alok Impex limited	5,710,368	57,103,680

4. Managerial Remuneration

(Rs. in Crores)

Particulars	31-03-2007	31-03-2006
Salaries	2.16	2.16
Perquisites	0.24	0.24
Directors Sitting Fees	0.04	0.03
Commission	5.00	5.00
TOTAL	7.44	7.43

Computation of net profit in accordance with Section 198 read with Section 309(5) of the Companies Act, 1956.

(Rs. in Crores)

	31-03-2007	31-03-2006
Profit Before Tax as per Profit and Loss A/c.	232.31	154.00
Add: 1) Directors Remuneration (including commission)	7.40	7.40
2) Sitting Fees	0.04	0.03
3) Loss on Sale of Fixed Assets	0.09	0.18
4) Provision for Doubtful Debts and Advances	2.08	1.79
	241.92	163.40
Less: 1) Profit on sale of investments	0.24	2.25
2) Provision for Doubtful Debts and Advances written back	1.18	1.25
Net Profit under Section 349 of the Companies Act, 1956	240.50	159.90
Eligible Salaries, Perquisites and Commission @10% of above	24.05	15.99
Actual Commission (As restricted by Board of Directors)	5.00	5.00

5. During the previous year the Company had issued 1400, 1.00% FCCBs of USD 50,000/- each aggregating to USD 70 Million (Rs.305.03 Crores at issue) comprising of A Bonds – USD 15 million, B Bonds – USD 55 million -including green shoe option of USD 10 million with an option to convert A Bonds into equity shares of Rs.10/- each within a period of 5 years from the date of issue at a pre- defined conversion price ranging between Rs.55/- to Rs.59/- per share and for B Bonds with an option to convert into shares, at a conversion price of Rs 71.59 per share.

Out of the aforesaid issue of 1400 FCCBs, 466 FCCBs of the face value of USD 50,000 each aggregating to USD 23.30 million have been converted into 1,62,61,788 equity shares till date. The balance 934 FCCBs pending conversion as at the year end aggregating to Rs. 202.87 Crores are grouped under unsecured loans. (Schedule 4)

Out of the total proceeds, the company has utilised Rs. 299.28 Crores towards capital expenditure and Rs. 12.91 Crores towards issue expenses.

6. The Company has acquired plant and machinery and computers on lease aggregating to Rs. 14.48 crores (Previous year Rs.14.48 crores) and vehicles aggregating to Rs. Nil (Previous year Rs. 0.84 crores) on hire purchase in nature of finance lease. The company capitalised the said assets at their fair value as the lease are in the nature of finance leases as defined in AS-19. Lease payments are apportioned between finance charge and reduction of outstanding liabilities. The details of lease rentals payable in future are as follows:

(Rs. in Crores)

Due	Total minimum lease payments outstanding		Future interest on outstandings		Present value of minium lease payments	
	2006-07	**2005-06**	**2006-07**	**2005-06**	**2006-07**	**2005-06**
Within one year	**3.30**	3.63	**0.55**	0.76	**2.75**	**2.87**
Later than one year and not later than 5 years	**7.50**	10.79	**0.57**	1.12	**6.93**	**9.68**
Later than 5 years	**-**	-	**-**	-	**-**	**-**

7. The Company during the year mainly capitalised Wider Width Weaving unit (phase II), Normal Width Weaving unit (Phase II), Garment & Made-up unit (Phase II), POY unit and Yarn Texturising units at Sayli, Dadra and Nagar Haveli, Normal width processing unit (Phase II), Yarn Dyeing unit (Phase II) & Knit processing unit at Vapi, Gujarat.

Spinning unit (Phase II), Spinning unit (Phase III),Terry Towel unit, Weaving Normal Width unit (Phase III),Weaving Wider Width unit (phase III),Woven Processing Wider Width unit (Phase III) and Made Up unit (Phase III) are continued to be under construction/ erection. Hence incidental expenses during construction period amounting to Rs.19.59 Crores related with these projects are carried forward and will be capitalised on completion of the same.

8. **Deferred Taxation**

a) Deferred Tax Assets and Liabilities arising on account of timing differences are as under:

(Rs. in Crores)

		31.03.2007	31.3.2006
I)	**Deferred Tax Liability (DTL)**		
	i) Depreciation	**148.41**	107.08
		148.41	107.08
II)	**Deferred Tax Asset (DTA)**		
	i) Other items	**3.02**	3.46
	ii) FCCB Issue Expenses	**3.97**	3.52
		6.99	6.98
(I-II)	**Total Deferred Tax Liabilities (Net)**	**141.82**	100.10

9. **Earnings per share (EPS)**

(Rs. In Crores)

		Current Year	Previous Year
a.	**Net profit after tax**	**164.86**	109.21
	Add: (Short)/Excess Provision for Income tax in respect of earlier year	**(0.16)**	0.08
	Less: Dividend on Preference Shares including Dividend tax	**(0.84)**	(8.84)
	Net Profit Available for Equity Shareholders – (Basic)	**163.05**	100.45
	Add: Interest payable on FCCBs (Net of tax)	**10.91**	9.23
	Add: Preference Dividend payable (Net of Tax)	**0.84**	-
	Add: Interest on Convertible Debenture (Net of tax)	**-**	0.17
	Net profit available for Equity Shareholders – (Dilutive)	**175.61**	109.85
b.	Weighted average number of Equity Shares Basic (Nos.)	**168,860,618**	150,392,735
	Add: Dilutive share warrants (Nos)	-	538,450
	Add: Effect of potential Equity Shares on conversion of FCCBs (Nos.)	**31,311,247**	27,912,204
	Add: Effect of potential Equity Shares on conversion of OFCDs (Nos.)	**-**	485,197
	Add: Effect of potential Equity Shares on conversion of OCPSs (Nos.)	**1,213,258**	
	Weighted average number of Equity Shares Dilutive (Nos.)	**201,385,123**	179,328,586
c.	Nominal value of equity shares per share (In Rupees)	**10**	10
d.	Basic Earnings per share (Rupees)	**9.70**	6.68
	Diluted Earnings per share (Rupees)	**8.72**	6.12

10. Sundry creditors for the year ended 31st March 2007 include amounts due to the following small-scale industrial undertakings, which are outstanding for more than 30 days.

2M Industries, Acme Machinery Company Pvt. Ltd., Advance Cooling Systems Pvt. Ltd., Associated Products, Avocab Industries, B R Corporation, C. J. Corporation, Colorband Dyestuff Pvt Ltd, Computerskill Limited, Didesu Chemicals Pvt Ltd, Dipsi Chemical Pvt Ltd, Flowon Marketing, Hydrotechnique, Indo Rubber Corporation, Lathia Rubber Manufacturing Pvt. Ltd, Nova Transfers Pvt. Ltd, Oscar Valves Pvt. Ltd, Sara Chem (India) Pvt. Ltd, Standard Chemical Corporation, Unicon Fibro Chemicals Pvt Ltd.The above information regarding small scale industrial undertaking has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

11. Segment Reporting

a) Primary Segment: Geographical Segment

The company, during the year, considering its higher level of international operations and present internal financial reporting based on geographic location of customer, has identified geographic segment as primary segment. On that basis the information for the previous year for this segment has been compiled and disclosed by the Company for comparative purpose in brackets.

The geographic segment consist of:

a) Domestic (Sales to Customers located in India)

b) International (Sales to Customers located outside India)

Revenue directly attributable to segments is reported based on items that are individually identifiable to that segment.

The company believes that it is not practical to allocate segment expenses, segment results, fixed assets used in the company's business or liabilities contracted since the resources/services/assets are used interchangeably within the segments. Accordingly, no disclosure relating to same is made.

(Rs. in Crores)

	India	Rest of World	Total
Operating Revenue	1,182.97 (1,026.15)	641.71 (394.55)	1,824.68 (1,420.70)
Profit before Interest & Tax (segment results unallocable)			321.35 (220.78)
Less: Interest and Finance Charges			89.04 (66.78)
Less :Tax			67.45 (44.79)
Profit after Tax			164.86 (109.21)

b) Secondary Segment: Business Segment

The company is operating into a single business i.e. Textile and such all business activities revolve around this segment. Hence, there is no separate business segment to be reported considering the requirement of AS 17 on "Segment Reporting" issued by The Institute of Chartered Accountants of India.

12. In the opinion of the Board, carrying value of all Current Assets, Loans and Advances and other receivables is not less than their realisable value in the ordinary course of business.

13. Sundry Debtors (Refer Schedule 10) includes Rs. Nil (Previous Year Rs. 10,637/-) [Maximum amount outstanding during the year Rs. Nil (Previous Year Rs. 10,637/-)] due from the officers of the Company.

14. Provision for Income Tax of Rs. 25.94 Crores has been computed on the basis of Minimum Alternate Tax (MAT) in accordance with Section 115JB of the Income Tax Act, 1961, in view of deductions available to the company. Considering the future profitability and taxable positions in the subsequent years, the company has recognized 'MAT credit entitlement' aggregating to Rs. 1.11 Crores, as an asset by crediting the Profit and Loss Account for an equivalent amount and disclosed under 'Loans and Advances' (Schedule 12) in accordance with the Guidance Note on "Accounting for credit available in respect of Minimum Alternate Tax under the Income Tax Act, 1961" issued by The Institute of Chartered Accountants of India.

15. Excess provision for dividend of earlier years of Rs. 0.39 Crores (Previous Year Rs. 2.08 Crores)(including dividend tax Rs. 0.05 Crore, Previous year Rs. 0.23 Crore) represent the difference between the amount provided and paid considering the legal opinion obtained by the company and the amount finally paid on the shares allotted as on outcome of conversion of FCCBs.

16. The Company has made investments (including share application money of Rs. 139.36 crores) in three subsidiaries aggregating to Rs. 161.72 crores as at March 31, 2007. These subsidiaries have been incorporated during the year and two subsidiary companies are yet to commence business operations. They have sound business plans and the management expects these companies to achieve turnover and profitability on commencement of business operations in near future. Accordingly, in the opinion of the management, no provision is considered necessary towards such investments /share application money.

17. a) Derivative contracts entered into by the company and outstanding as on March 31, 2007

For hedging currency and interest rate related risks

Nominal amounts of derivative contracts entered into by the company and outstanding as on March 31, 2007 amount to Rs. 2,045.11 Crores. Category wise break-up is given below

(Rs. in Crores)

Sr. No.	Particulars	As at 31st March, 2007	As at 31st March, 2006
1	Interest Rate Swaps	656.39	205.24
2	Currency Swaps	220.77	14.29
3	Options	1167.95	370.37
	Total	**2045.11**	**589.90**

b) All derivative and financial instruments acquired by the company are for hedging purpose only.

c) Foreign currency exposure that are not hedged by derivative instruments as on March 31, 2007 amount to Rs.202.87 crores (Previous Year Rs.220.63 crores).

18. Additional Information required under Schedule VI, Part II of the Companies Act,1956.

i) Details of Products Manufactured, Turnover, Opening Stock, Closing Stock etc.

Particulars	Unit	Year ended 31st March	Installed Capacity per annum	Opening Stock		Production	Purchase		Turnover		Closing Stock	
				Quantity	Amount (Rs. In Crores)	Quantity @	Quantity	Amount (Rs. in Crores)	Quantity#	Amount (Rs. in Crores)	Quantity	Amount (Rs. in Crores)
Woven Fabric Manufactured	Lacs Mtrs.	2007	1234 Looms & 8 Stenters*	144.62**	90.09	857.59	-	-	872.61	801.40	129.60	93.38
		2006	1063 Looms and 8 Stenters*	187.59	101.76	921.47	-	-	964.94	663.58	144.12	89.68
Woven Fabric Traded	Lacs	2007	-	-	-		52.85	17.73	52.85	19.05	-	-
	Mtrs.	2006	-	-	-	-	51.48	21.88	51.48	23.17	-	-
Knitted Fabric	M.T.	2007	146 Machines	343.63**	3.19	5,149.41	-	-	5,039.71	81.64	453.33	7.36
		2006	90 Machines	103.53	1.43	3,893.25	-	-	3,683.66	51.13	313.12	2.53
Texturised Yarn	M.T.	2007	20,112 Spindles	1,553.54	12.42	61,096.29	-	-	61,340.92	508.32	1,308.91	10.28
		2006	17,304 Spindles	644.13	4.79	48,391.74	-	-	47,482.34	397.28	1,553.54	12.42
Cotton Yarn - Traded	M.T.	2007	-	-	-	-	563.74	5.75	563.74	5.91	-	-
		2006	-	-	-	-	-	-	-	-	-	-
POY	M.T.	2007	2208 Spindles	-	-	1,124.69	-	-	768.50	5.92	356.19	2.66
		2006	-	-	-	-	-	-	-	-	-	-
Garments	Pcs	2007	913 Machines	45,668	0.23	2,204,245	-	-	2,019,381	29.03	230,532	1.81
		2006	551 Machines	51,936	0.48	1,204,987	-	-	1,211,255	14.99	45,668	0.23
	Sets	2007	592 Machines	169,248	12.96	4,255,833	-	-	4,263,939	311.65	161.142	13.12
		2006	112 Machines	118,864	10.15	3,390,778	-	-	3,340,394	290.44	169,248	12.96
Made-ups	Pcs.	2007	-	22,986	0.74	535,393	-	-	523,598	16.93	34,781	0.61
		2006	-	4,763	0.32	232,417	-	-	214,194	11.92	22,986	0.74
	Pairs	2007	-	25,595	0.45	324,834	-	-	325,808	6.04	24,621	0.45
		2006	-	18,024	0.27	373,886	-	-	366,315	7.20	25,595	0.45
Raw Cotton - Traded	M.T.	2007	-	-	-	-	14,802.94	74.93	14,689.73	78.23	113.21	0.67
		2006	-	-	-	-	-	-	-	-	-	-
		2006	-	-	119.20	-	-	21.88	-	1459.70	-	119.00

* Includes 594 Nos.(Previous year 505 Nos.) Double width Looms
\# Adjusting inter division consumption, excesses, shortages, etc.
@ Production includes items produced on job work basis by outside parties.
** Regrouping of previous years Trial Run production stock.

Above details exludes Trial Run Production Stock Items as given below	Unit	Quantity 31.03.2007	Value 31.03.2007	Quantity 31.03.2006	Value 31.03.2006
1. Woven Fabric					
a) Production	Lacs Mtrs	-	-	2.01	-
b) Sales	Lacs Mtrs	-	-	1.51	1.17
c) Closing Stock	Lacs Mtrs	-	-	0.50	0.41
2. Knitted Fabric					
a) Production	M.T.	-	-	65.28	-
b) Sales	M.T.	-	-	34.78	0.95
c) Closing Stock	M.T.	-	-	30.50	0.66
3. POY					
a) Production	M.T.	3492.67	-	-	-
b) Sales	M.T.	3492.67	19.48	-	-
c) Closing Stock	M.T.	-	-	-	-

Production excludes	Unit	31st March, 2007	31st March, 2006
1. Job work for Outsiders			
a) Knitted Fabric	M.T.	**-**	194.55
b) Processing for Woven Fabric	Lacs Mtrs	**110.63**	88.28
c) Processing for knitted Fabric	M.T.	**483.52**	409.40
2. Production consumed internally			
a) Woven Fabric for Made-ups	Lacs Mtrs	**218.74**	190.56
b) Knitted Fabric for Garments	M.T.	**606.49**	234.49
c) Yarn for Knitted Fabric	M.T.	**2,609.45**	2410.74

PARTICULARS	Units	31.03.2007		31.03.2006	
		Quantity	Value (Rs. in crores)	Quantity	Value (Rs. in crores)
(ii) Raw Material consumed					
1) Manufacture of woven fabrics					
- Yarn	Kgs	**15,372,576**	**262.14**	11,171,694	200.91
- Fabric	Mtrs	**56,318,009**	**234.77**	71,773,553	276.48
2) Manufacture of knitted fabrics					
- Yarn	Kgs	**5,274,105**	**72.43**	1,828,304	17.60
- Fabric	Kgs	**106,895**	**2.51**	89,486	1.43
3) Manufacture of Yarn					
- Yarn	Kgs	**53,303,842**	**329.64**	48,754,256	315.95
4) Processing					
- Dyes & Chemicals	-	**-**	**56.11**	-	31.58
5) Manufacture of Garments					
- Woven Fabrics	Mtrs	**15,249**	**3.05**	6,666	0.08
- Knitted Fabrics	Kgs	**8,515**	**0.11**	7,495	0.40
6) Manufacture of Made Ups					
- Woven Fabrics	Mtrs	**-**	**-**	137,148	2.43
7) Manufacture of POY					
- POY Chips	Kgs	**9,592,978**	**50.03**	-	-
			1,010.79		846.86
Raw Material consumed excludes Trial Run material as below					
1) Woven Fabric	Mtrs	**-**	**-**	532,420	2.70
2) Knitted Fabric	Kgs	**-**	**-**	101,620	1.57
3) POY Chips	Kgs	**3,634,456**	**22.19**	-	-
4) Accessories			**0.08**		-
			22.27		4.27

19.

(i) CIF Value of Imports

(Rs. in Crores)

2006-2007	2005-2006	
- Capital Goods purchased	278.77	294.82
- Stores & Spares purchased	4.12	2.08
- Raw Material purchased	33.99	2.65
	316.88	299.55

(ii) Expenditure in Foreign Currency

(Rs. in crores)

	2006-2007	2005-2006
- Advertisement Expenses	0.15	-
- Foreign Travel / Business Promotion	5.80	0.42
- Legal & Professional Fees	0.73	0.85
- Interest on Foreign currency term loans	14.80	4.32
- Internet Expenses	0.33	0.22
- Testing & Laboratory Expenses	0.15	2.63
- Commission	1.00	0.84
Total	22.96	9.28

The above expenditure in foreign currency excludes

a) FCCB issue expenses aggregating to Rs. Nil (Previous Year Rs.12.91 Crores). Such expenses to the extent of Rs. Nil (Previous Year Rs.8.56 Crores) have been adjusted against Securities Premium Account in accordance with the provisions of Section 78 of the Companies Act, 1956.

b) Interest expense on FCCB aggregating to Rs.13.52 Crores (Previous year 13.07 Crores) have been included in Incidental Expenditure During Construction Period and grouped under Schedule '7'.

(iii) Value of raw materials, stores and spares consumed during the year.

	2006-2007				2005-2006			
	Imported		Indigenous		Imported		Indigenous	
	Value (Rs. in Crores	% of Total Consumption	Value (Rs. in crores)	% of Total Consumption	Value (Rs. in crores	% of Total Consumption	Value (Rs. in crores)	% of Total Consumption
Raw Materials	30.83	3.05%	979.96	96.95%	2.65	0.31%	844.21	99.69%
Stores and Spares	5.93	34.50%	11.26	65.50%	2.08	18.69%	9.05	81.31%

(iv) Earning in Foreign Currency

(Rs. in crores)

	2006-2007	2005-2006
FOB Value of Exports	608.17	365.66

(v) Dividend Remitted in Foreign Exchange

Year of Dividend	2006-2007	2005-2006
Equity Share		
No. of shareholders	1	1
No. of shares held by them	1,30,31,373	1,925,756
Dividend remitted during the year (Rs. in crore)	1.23	0.15
Year to which dividend relates	2005-06	2004-05

Year of Dividend	2006-07	2005-06
Preference Share		
No. of shareholders	1	1
No. of Shares held by them	6,80,00,000	6,80,00,000
Dividend remitted during the year (Rs. in Crore)	1.94	1.70
Year to which dividend relates	2005-06	2004-05
Dividend remitted during the year (Rs. in Crore)	0.84	5.10
Year to which dividend relates	2006-07	2005-06

20) The amounts in balance sheet and Profit and Loss account are rounded off to the nearest lakh and denominated in Crores of rupees.

21) The figures of the previous year have been reclassified/regrouped whereever necessary to correspond with those of the current year.

Signatures to Schedules 1 to 20

As per our attached report of even date

For Gandhi & Parekh
Chartered Accountants

Mahesh T. Gandhi
Partner

Place: Mumbai
Dated: 31st July 2007

For and on behalf of the Board

Ashok B. Jiwrajka - Executive Chairman
Dilip B. Jiwrajka - Managing Director
Surendra B. Jiwrajka - Joint Managing Director
Sunil O. Khandelwal - Chief Financial Officer
K. H. Gopal - President (Corporate Affairs) & Secretary

Place: Mumbai
Dated: 31st July 2007

Information required to be given in pursuance of part IV of Schedule VI of the Company's Act, 1956

(Amount in Rs. Thousands)

I	**Registration Details**				
	Registration No.	U17110MH1986PTC039194			
	State Code	**11**			
	Balance Sheet Date		**31** **Day**	**3** **Month**	**2007** **Period**
II	**Capital raised during the period**				
	Public Issue				NIL
	Right Issue				NIL
	Bonus Issue				NIL
	Private Placement				NIL
III	**Position of mobilization and deployment of funds**				
	Total Liabilities				47,959,500
	Total Assets				47,959,500
	Sources of Funds				
	Paid up Capital				1,703,700
	Reserves & Surplus				8,540,700
	Secured Loan				28,330,500
	Unsecured Loan				5,037,100
	Deferred Tax Liability				1,418,200
	Application of Funds				
	Net Fixed Assets				25,838,000
	Net Current Assets				16,997,300
	Investments				2,194,900
IV	**Performance of the Company**				
	Turnover				18,246,800
	Total Expenditure				16,950,000
	Profit before Tax				2,323,100
	Profit after Tax				1,648,600
	Earning Per Share (Refer Note 11 of Part B of Schedule 20)				
	- Basic				9.70
	- Diluted				8.72
	Dividend				14

V Generic names of Principal Products/ Services of the Company
(as per monetary terms)

Item Code No. (ITC Code)	5208
Product description	Woven Fabrics of Cotton, containing 85% or more by weight of cotton weighing not more than 200 g/m2
Item Code No. (ITC Code)	5406
Product description	Man made filament yarn (other than sewing thread) put up for retail sale.
Item Code No. (ITC Code)	6001
Product description	Pile fabric, including 'long pile' fabrics and terry fabrics, knitted or crocheted.
Item Code No. (ITC Code)	6002
Product description	Other knitted or crocheted fabric.

FINANCIAL STATEMENTS OF ALOK INDUSTRIES LIMITED

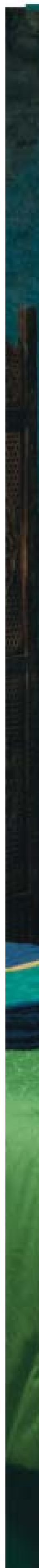
Statement Regarding Subsidiary Company Pursuant to Section 212(3) and 212(5) of the Companies Act, 1956

Name of Subsidiary Company	Financial Year to which accounts relates	Holding Company's interest as at close of financial year of subsidiary company		Net aggregate amount of subsidiary company's profits after deducting its losses or vice-versa, so far as it concerns members of holding Company which are not dealt within the Company's account		Net aggregate amount of subsidiary company's profits after deducting its losses or vice-versa, dealt within the Company's account		Holding Company's interest as at March 31, 2007 incorporating changes since close of financial year of subsidiary company
		i) Shareholding	ii) Extend of Holding %age	For the curent financial year Rs. Crores.	For the previous financial yer Rs. Crores	For the curent financial year Rs. Crores.	For the previous financial yer Rs. Crores	
Overseas : Alok Inc.	2006-07	i) 50 Equity Shares of USD 200 each	100	0.01 (Profit)	N.A.	Nil	N.A.	N.A.
Alok Industries International Limited	2006-07	i) 50,000 Equity Shares of USD 1 each ii) 50,74,240 Preference shares of USD 1 each	100 100	0.04 (Loss)	N.A.	Nil	N.A.	N.A. N.A.
Domestic : Alok Infrastructure Private Limited	2006-07	i) 50,000 Equity Shares of Rs. 10 each	100	-*	N.A.	Nil	N.A.	N.A.

* - Profit and loss account has not been prepared since the Company has not commenced revenue operations.

Consolidated Financial Statements


ALOK
INDUSTRIES LIMITED
INTEGRATED TEXTILE SOLUTIONS
Knitted Fabrics
Single Jersey, Interlocks & Ribs, High Fashion jacquards and Terrys,Pique,Autostripes, Polar Fleece and Velour in 100% Cotton, Polyester, Viscose, Lycra and their blends
Integrated Textile Solutions™



ALOK
INDUSTRIES LIMITED
INTEGRATED TEXTILE SOLUTIONS

To,
The Board of Directors
ALOK INDUSTRIES LIMITED

1. We have audited the attached consolidated balance sheet of **Alok Industries Limited** ("the Company") and its Subsidiaries, as at **March 31, 2007**, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of the subsidiaries (Alok International International Ltd & ALOK INC), whose financial statements reflect total assets of Rs. 102.50 crores as at March 31, 2007, the total loss of Rs. 0.03 crores and cash flows amounting to Rs. 0.01 crores for the year then ended. These financial statements and other financial information have been audited by other auditor whose report has been furnished to us, and our opinion is based solely on the report of other auditor.

4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated financial statements, Accounting Standards (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.

5. Based on our audit and on consideration of report of other auditor on separate financial statements / management certification and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   (a) in the case of the consolidated balance sheet, of the state of affairs of the Company and its Subsidiary as at March 31, 2007;

   (b) in the case of the consolidated profit and loss account, of the profit for the year ended on that date; and

   (c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For Gandhi & Parekh
Chartered Accountants

Mahesh T. Gandhi
Partner
Membership No. 32471

Place: Mumbai
Dated: 31st July 2007

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2007

(Rs. In Crores)

PARTICULARS	SCHEDULE NO.		AS AT 31.03.2007
I SOURCES OF FUNDS			
(1) Shareholder's Funds			
(a) Capital	1	170.37	
(b) Reserves and Surplus	2	852.67	
			1,023.05
(2) Loan Funds			
(a) Secured Loans	3	2,833.05	
(b) Unsecured Loans	4	503.72	
			3,336.77
(3) Deferred Tax Liability (net)			141.82
TOTAL			4,501.63
II APPLICATION OF FUNDS			
(1) Fixed Assets			
(a) Gross Block	5	2,345.72	
(b) Less : Depreciation		370.40	
(c) Net Block		1,975.32	
(d) Capital Work-in-Progress	6	646.54	
(e) Incidental Expenditure during Construction (pending allocation/adjustments)	7	19.71	
			2,641.57
(2) Investments	8		80.03
(3) Current Assets, Loans and Advances			
(a) Inventories	9	464.46	
(b) Sundry Debtors	10	544.52	
(c) Cash and Bank Balances	11	785.38	
(d) Loans and Advances	12	278.65	
		2,073.01	
Less : Current Liabilities and Provisions			
(a) Current Liabilities	13	255.50	
(b) Provisions	14	37.48	
		292.98	
Net Current Assets			1,780.03
(4) Miscellaneous Expenditure			0.00**
TOTAL			4,501.63
** Rs. 26,709/-			
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS	20		

As per our attached report of even date
For Gandhi & Parekh
Chartered Accountants

Mahesh T. Gandhi
Partner

Place: Mumbai
Dated: 31st July 2007

For and on behalf of the Board
Ashok B. Jiwrajka - Executive Chairman
Dilip B. Jiwrajka - Managing Director
Surendra B. Jiwrajka - Joint Managing Director
Sunil O. Khandelwal - Chief Financial Officer
K.H. Gopal President (Corporate Affairs) & Secretary

Place: Mumbai
Dated: 31st July 2007

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2007

(Rs. In Crores)

PARTICULARS	SCHEDULE NO.	Year Ended 31.03.2007
INCOME		
Sales (inclusive of excise duty)	15	1,864.12
Less : Excise duty		53.92
		1,810.20
Job Work Charges collected (Tax Deducted at Source Rs. 0.32 Crore)		14.48
		1,824.68
Other Income	16	37.32
Increase in Stocks of Finished Goods and Process Stock	17	65.33
		1,927.33
EXPENDITURE		
Purchase of Traded Goods		98.41
Manufacturing and other Expenses	18	1,384.56
Interest (net)	19	89.04
Depreciation		123.04
PROFIT BEFORE TAX		232.28
Provision for Tax – Current tax		(25.95)
– MAT credit entitlement		1.11
– Deferred Tax		(41.72)
– Fringe Benefit tax		(0.90)
PROFIT AFTER TAX		164.82
Add : Balance brought forward from previous year		129.84
Excess / (Short) provision for Income Tax/FBT in respect of earlier years		(0.16)
AMOUNT AVAILABLE FOR APPROPRIATION		294.50
APPROPRIATIONS		
Add : Excess provision for Dividend of earlier year [including tax on dividend Rs. 0.05 Crore] - Refer Note no. 12 of Part B of Schedule 20		0.39
Less : Transfer to General Reserve		(50.00)
Transfer to Debenture Redemption Reserve		0.00
Proposed Dividend		
- On Equity Shares		(23.85)
- On Preference Shares (paid / provided)		(0.74)
Corporate Dividend Tax thereon		(4.16)
BALANCE CARRIED TO BALANCE SHEET		216.14
EARNINGS PER SHARE (Refer Note No. 7 of Part B of Schedule 20)		
Basic		9.70
Diluted		8.72
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS	20	

As per our attached report of even date
For Gandhi & Parekh
Chartered Accountants

Mahesh T. Gandhi
Partner

Place: Mumbai
Dated: 31st July 2007

For and on behalf of the Board

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K.H. Gopal President (Corporate Affairs) & Secretary

Place: Mumbai
Dated: 31st July 2007

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2007

(Rs. In Crores)

	PARTICULARS	2006-07
A]	**Cash Flow Operating Activities**	
	Net Profit Before Tax	232.28
	Adjustments for	
	Depreciation	123.04
	Unrealised gain on Cash and cash eqivalent	1.53
	Excess of cost over Fair Value of current Investments	0.48
	Effect of exchange rate change on Investments	(1.37)
	Dividend Income	(0.27)
	Interest paid (net)	89.04
	Loss on sale of fixed assets (net)	0.09
	Profit on sale of current investments (net)	(0.24)
	Operating Profit before working capital changes	444.58
	Adjustments for	
	(Increase) / Decrease in Inventories	(106.31)
	(Increase) / Decrease in Trade Receivable	(189.99)
	Increase in Loans and Advances	(130.67)
	Increase in Current Liabilities	78.28
	Cash Generated from operations	95.89
	Income Taxes Paid	(21.71)
	Net Cash Flow from operating activities	74.18
B]	**Cash Flow from Investing Activities**	
	Purchase of Fixed Assets	(899.44)
	Sale of Fixed Assets	8.98
	Purchase of Investments	(195.82)
	Sale of Investments	132.99
	Dividends Received	0.27
	Interest Received	52.76
	Share Application money paid	22.26
	Inter corporate Deposit refunded / (granted) - net	10.19
	Net Cash used in Investing activities	(867.81)
C]	**Cash Flow from Financing Activities**	
	Proceeds from issue of Equity Share Capital (including premium) (Net)	80.57
	Redemption of Preference Share Capital	(68.00)
	Proceeds from borrowings (Net)	1,192.27
	Dividend Paid	(23.95)
	Interest Paid	(133.38)
	Net Cash from Financing activities	1,047.51
	Net Increase in Cash and Cash equivalents (A+B+C)	253.88
	Cash and Cash equivalents	
	at the beginning of the period	531.78
	at the end of the period	785.66
	Net Increase in Cash and Cash equivalents	253.88

NOTES TO CASH FLOW STATEMENT

1 Components of Cash and Cash Equivalents include Cash, Cheques on hand and Bank Balances in Current, Cash Credit, Margin money Deposit and Fixed deposits Accounts.

2 Proceeds from borrowings reflect the increase in Secured and Unsecured Loans and is net of repayments / conversion.

3 Purchase of fixed assets are stated inclusive of movements of Capital Work in Progress and incidental expenditure during construction period (pending allocation/adjustment) between the commencement and end of the year and is considered as part of investing activity.

4 Proceeds from issue of equity share capital represents conversion of optionally convertible preference shares and Foreign Currency Convertible Bonds into equity during the year. (Refer Note (a) of schedule 1)

(Rs. In Crores)

5. Cash and Cash equivalents includes :	**March 31, 2007**
Cash and Bank Balances	**785.38**
Unrealised loss / (gain) on foreign currency Cash and cash equivalents	**0.28**
Total Cash and Cash equivalents	**785.66**

6. The Cash Flow Statement has been prepared in accordance with the requirements of Accounting Standard "'AS-3' Cash Flow Statement" issued by the Institute of Chartered Accountants of India and the listing agreement with the Stock Exchange.

As per our attached report of even date
For Gandhi & Parekh
Chartered Accountants

Mahesh T. Gandhi
Partner

Place: Mumbai
Dated: 31st July 2007

For and on behalf of the Board
Ashok B. Jiwrajka - Executive Chairman
Dilip B. Jiwrajka - Managing Director
Surendra B. Jiwrajka - Joint Managing Director
Sunil O. Khandelwal - Chief Financial Officer
K.H. Gopal President (Corporate Affairs) & Secretary

Place: Mumbai
Dated: 31st July 2007

(Rs. In Crores)

PARTICULARS	AS AT 31.03.2007
SCHEDULE '1'	
CAPITAL	
Authorised :	
21,00,00,000 Equity Shares of Rs.10/- each	210.00
9,00,00,000 Preference shares of Rs.10/- each	90.00
	300.00
Issued and Subscribed :	
Equity Share Capital	
17,03,71,974 Equity shares of Rs.10/- each 'fully paid up. (See Note 'a' below)	170.37
TOTAL	170.37

NOTES :

a) During the year 1,29,03,518 equity shares are issued as under :

i] 17,55,978 equity shares of Rs.10/- each are issued on conversion of 55, 1% Foreign Currency Convertible Bonds (FCCBs) of USD 50000/- each together with interest at a premium aggregating to Rs.10.81 crores.

ii] 1,11,47,540 equity shares of Rs.10/- each are issued on conversion of 6,80,00,000, 10% Optionally Convertible Preference Shares of Rs.10/- each at a premium aggregating to Rs.56.86 crores on exercising of option by the holders thereof.

b) Of the above shares :

i] 7,45,396 equity shares were allotted as Bonus shares by way of capitalisation of General Reserves.

ii] 62,550 equity shares being forfeited shares were reissued during 2001.

SCHEDULE '2'	
RESERVES AND SURPLUS	
Capital Reserve	0.03
Capital Redemption Reserve	2.20
Securities premium account *	400.47
General Reserve	195.00
Debenture Redemption Reserve	40.19
Foreign Currency Translation Reserve	(1.37)
Surplus in Profit and Loss Account	216.14
TOTAL	852.67

* Securities Premium of Rs. 67.67 crores received during the year on Conversion (Refer note (a) of Schedule1)

(Rs. In Crores)

PARTICULARS		AS AT 31.03.2007
SCHEDULE '3'		
SECURED LOANS		
a. Debentures		
8.75% Redeemable Non Convertible Debentures	50.00	
9.00% Redeemable Non Convertible Debentures	20.00	
		70.00
b. Term Loans		
(1) From Financial Institutions		
- Rupee Loans	131.72	
- Foreign Currency Loans	110.07	
	241.79	
(2) From Banks		
- Rupee Loans	1,896.49	
- Foreign Currency Loans	46.69	
		1,943.18
		2,184.97
c. From Banks on Cash Credit Accounts, Working capital Demand Loans etc.		
[Includes Rs. 34.59 crores demand loan in foreign currency)		568.92
d. Loans under Hire Purchase / Lease Arrangements		9.16
TOTAL		2,833.05

1 **Debentures are secured by :**

a) All the Debentures in 'a' above were secured by (i) a pari passu charge created on all present and future fixed assets of the company subject to exclusive charges created/to be created on specific fixed assets in favour of specified lenders. (ii) a charge created/ to be created on all current assets of the company subject to a prior charge on such current assets created/to be created in favour of the company's working capital bankers (iii) Registered mortgage on the immovable property at Mouje Irana, Taluka Kadi, District Mehsana in the state of Gujarat, and (iv) the personal guarantees of three promoter directors

b) 500 8.75% Redeemable Non convertible Debentures of Rs.10,00,000 each, which are redeemable on 25th June 2007 are secured by way of registered mortgage on the immovable property at Mouje Irana, Taluka Kadi, District Mehsana in the state of Gujarat, (since redeemed).

c) 200 9.00% Redeemable Non convertible Debentures of Rs.10,00,000 each, which are redeemable on 24th December 2007 are secured by way of registered mortgage on the immovable property at Mouje Irana, Taluka Kadi, District Mehsana in the state of Gujarat.

2. **Term loans are secured as under :**

a) Term loans from financial institutions and from banks (Including foreign currency loans) to the extent of Rs.195.44 Crores and Rs.1,638.70 Crores respectively, are secured by (i) a pari passu first charge created/to be created on all present and future movable and immovable assets of the company subject to exclusive charges created/to be created on specific fixed assets in favour of specified lenders. (ii) a charge created/ to be created on all current assets of the company subject to a prior charge on such current assets created/to be created in favour of the company's working capital bankers and (iii) the personal guarantees of three promoter directors.

b) Term loan from banks to the extent of Rs.187.32 Crores is secured by (i) an exclusive charge created on specific assets financed by them and (ii) the personal guarantees of three promoter directors.

c) Term loan from the banks to the extent of Rs.7.61 Crores are secured by (i) an exclusive charge created on specific assets financed by them (ii) a charge created/ to be created on all the assets of the company present and future subject to a prior charge on such asset created/ to be created in favour of the company's term lenders and working capital bankers and (iii) the personal guarantees of three promoter directors.

d) Term loans from the Banks and Financial Institutions to the extent of Rs.109.53 Crores and Rs.46.35 Crores respectively, are secured by (i) subservient charge on all movable assets of the Company present and future subject to prior charge on specific movable assets in favour of the company's term lenders and working capital bankers (ii) the personal guarantee of three Promoter Directors of the Company.

3. Working Capital limits from banks are secured by (i) hypothecation of Company's inventories, book debts, etc. (ii) second charge created / to be created on the fixed assets of the Company (iii) immovable properties belonging to the Company / Guarantors and (iv) the personal guarantees of three promoter directors of the Company.

4. Hire Purchase Loans are secured by the respective assets, mainly Plant and Machinery and Equipments, purchased under the said loans.

(Rs. In Crores)

PARTICULARS		AS AT 31.03.2007
SCHEDULE '4'		
UNSECURED LOANS		
Fixed Deposits		0.29
Term Loans and advances		
From Banks and Financial Institutions		
- Rupee Loans	117.05	
- Foreign currency loans	49.92	
		166.97
Other Loans & Advances		
- Foreign Currency Loans		133.58
934, 1% Foreign Currency Convertible Bonds (FCCB)		202.87
From Directors		0.00**
TOTAL		503.72
** Rs. 24,000/-		

NOTES:

1. **Loans from Banks**

   Includes commercial paper of Rs.80 Crores maximum amount outstanding at any time during the year Rs.80 crores.

2 Short Term Foreign Currency Loan of Rs.43.44 crores from Financial Institutions are secured by (i) Personal Guarantee of Promoter Directors and (ii) Power of Attorney to create first charge on the fixed assets of the company in case of default.

SCHEDULE '5'
FIXED ASSETS

(Rs. In Crores)

SR. NO.	DESCRIPTION OF ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK
		AS AT 01.04.06	ADDITIONS	DEDUCTIONS/ ADJUSTMENTS	AS AT 31.03.07	AS AT 01.04.06	FOR THE YEAR	DEDUCTIONS/ ADJUSTMENT	AS AT 31.03.07	AS AT 31.03.07
	OWN ASSETS:									
1.	Freehold Land	21.59	5.99	2.82	**24.76**	-	-	-	**-**	**24.76**
2.	Leasehold Land	0.56	-	-	**0.56**	0.09	0.01	-	**0.10***	**0.46**
3.	Factory Building	302.80	218.40	0.10	**521.10**	21.30	14.75	0.04	**36.01**	**485.09**
4.	Office Premises	26.54	-	-	**26.54**	0.55	0.43	-	**0.98**	**25.56**
5.	Plant and Machinery	991.77	706.46	4.97	**1,693.26**	211.81	101.23	- **	**313.04**	**1,380.22**
6.	Computer and Peripherals	9.11	3.87	0.09	**12.89**	4.66	1.65	0.09	**6.22**	**6.67**
7.	Office Equipments	2.28	1.27	-	**3.55**	0.67	0.38	-	**1.05**	**2.50**
8.	Furniture and Fittings	15.32	9.45	-	**24.77**	3.69	1.69	-	**5.38**	**19.39**
9.	Vehicles	5.42	1.00	0.54	**5.88**	1.00	0.77	0.15	**1.62**	**4.26**
10.	Tools and Equipment	4.59	5.22	-	**9.81**	0.66	0.61	-	**1.27**	**8.54**
	Sub-Total	1,379.98	951.66	8.52	**2,323.12**	244.43	121.52	0.28	**365.67**	**1,957.45**
	LEASED ASSETS:									
1.	Plant and Machinery	22.38	-	-	**22.38**	2.90	1.67	-	**4.57**	**17.81**
2.	Computer and Peripherals	0.22	-	-	**0.22**	0.13	0.03	-	**0.16**	**0.06**
3.	Vehicles	0.84	-	0.84	**-**	0.19	(0.18)	0.01	**-**	**-**
	Sub Total	23.44	-	0.84	**22.60**	3.22	1.52	0.01	**4.73**	**17.87**
	Total	1,403.42	951.66	9.36	**2,345.72**	247.65	123.04	0.29	**370.40**	**1,975.32**

** Rs. 21,000/-

NOTES :

1. Deduction from Plants & Machinery includes Rs.4.95 crores (net), being decrease in liability payable in foreign currency consequent upon changes in the exchange rates.
2. Plant and Machinery acquired on lease includes Rs.8.12 crores incurred by company for installation etc.
3. Freehold land includes Rs.5.10 crores being cost of freehold land at Silvassa acquired by the company, which is presently registered in the personal names of the directors of the Company since the same being agriculture land. The company is taking steps to obtain permission from the relevent authorities to convert the land as non-agriculture land and transfer the same in the company's name.
4. Deduction to Leased Assets - Vehicles includes Rs.0.80 crores, accumulated depreciation Rs.0.18 crores transferred to own assets on exercising of purchase option at the end of the hire purchase agreement period
5. Addition to Plant and Machinery during the year is net of capital subsidy of Rs.5.26 crores.

* Amount written off in respect of Leasehold Land for the period of Lease which has expired.

(Rs. In Crores)

PARTICULARS	As at 31.03.2007
SCHEDULE '6'	
CAPITAL WORK IN PROGRESS	
Capital Expenditure On Projects* (Refer Note no. 5 of part B of Schedule 20)	459.82
Advance for Capital Expenditure	186.72
TOTAL	646.54
* Net of capital subsidy of Rs. Nil	

SCHEDULE '7'	
INCIDENTAL EXPENDITURE DURING CONSTRUCTION	
(To be allocated on completion of project)	
Opening Balance	11.57
Add : Expenditure Incurred During the period	
Raw Material Consumption	22.27
Payment to and Provision for Employees	13.67
Stores and Spares Consumed	1.95
Power and Fuel	12.17
Legal and professional Fees	3.09
Miscellaneous Expenses	4.21
Interest paid :	
On Debentures	0.75
On Fixed Loans	42.84
[Net of interest subsidy Rs. 35.82 Crores]	
	112.52
Less : Sales (Trial Run Products Realisation) [Net of Excise Duty Rs. 1.71Crore]	(19.48)
: Interest Received on deposits [(Tax Deducted at Source Rs. 1.54 Crore]	(14.73)
: Decrease / (Increase) in Stock of Finished Goods and Process Stock	
Stock as on 1st April	
- Finished Goods	1.07
- Process Stock	2.86
	3.93
Less : Transferred to inventory*	
- Finished Goods	(1.07)
- Process Stock	(2.86)
	(3.93)
TOTAL	78.31
Less : Allocated to Fixed Assets on completion of projects.	58.60
(Refer Note No. 5 of Part B of Schedule 20)	
TOTAL	19.71

* Unutilised inventory transferred to inventoy on completion of project.

(Rs. In Crores)

PARTICULARS		AS AT 31.03.2007
SCHEDULE '8'		
INVESTMENTS		
A) LONG TERM INVESTMENTS		
(At cost / carrying amount unless otherwise)		
In Equity shares		
Others - Unquoted (Trade)		
Shirt Company (India) Limited		
[5,00,000 Equity Shares of Rs.10/- each]	7.50	
Dombivali Nagrik Sahakari Bank Ltd.		
[40,000 Equity Shares of Rs. 50/- each]	0.20	
Kalyan Janata Sahakari Bank Ltd.		
[42,020 Equity Shares of Rs. 25/- each]	0.11	7.81
Others - Quoted (Trade)		
Grabal Alok Impex Limited		3.99
19,00,000 Equity Shares of Rs. 10/- each (Pledged against finance availed)		
B) CURRENT INVESTMENTS (At lower of cost or fair value)		
In equity shares Quoted (fully paid)		
Peninsula Land Limited		
[20,000 Equity Shares of Rs.10/- each]		0.74
In Bonds		
Unquoted, fully paid		
5, 7.50% Bank of India - Series VIII bonds of Rs.10,00,000/- each	0.50	
2, 9.50% Binani Cement Ltd.	0.21	
1, 8.00% Dalmia Cement Ltd.	0.10	
2, 8.10% Dalmia Cement Ltd.	0.20	
10, 8.90% IDBI Ltd.	1.00	
1, 7.15% Indian Oil Corporation	0.10	
1, 10% Jaiprakash Hydro Power Limited	0.11	
100, 7.60% Syndicate Bank - Series IX bonds of Rs.10,00,000/- each	10.00	
		12.22
In Mutual Funds		
Unquoted, fully paid		
Birla Sunlife Cash Manager - Growth	10.00	
(54,31,830.53 units of Rs.10/- each)		
Canbank Fixed Maturity Plan - Growth	2.00	
(20,00,000 units of Rs.10/- each)		
ING ATM Fund - Growth	0.35	
(3,50,000 units of Rs.10/- each)		
LIC MF Liquid Fund - Dividend	20.01	
(1,82,27,577 units of Rs.10/- each)		
Optimix Income Growth Multi Manager - 30% Growth	0.25	
(2,47,524.75 units of Rs.10/- each)		
SBI - One India Fund - Growth	0.40	
(4,00,000 units of Rs.10/- each)		
		33.01
C) SHARE APPLICATION MONEY (TO SUBSIDIARY COMPANIES) (SINCE ALLOTTED)		
Mileta A.S.		22.26
(2,36,017 Ordinary Shares of CZK 1000/- each)		
		80.03
Note:		
1) Quoted Investment : Aggregate cost / carrying value		4.73
: Aggregate market value		26.39
2) Unquoted Investment : Aggregate cost / carrying value		75.40

PARTICULARS	Nos.	Face value Rs. Per unit/ share/bond	Purchase cost (Rs. in Crores)
INVESTMENT BOUGHT AND SOLD DURING THE YEAR			
Mutual Fund Units			
ABN Amro Future Leaders Fund - Growth	100,000	10.00	0.10
ABN Amro Future Leaders Fund - Growth	100,000	10.00	0.10
ABN Amro Future Leaders Fund - Growth	100,000	10.00	0.10
Canfloating Rate Short Term Growth Fund	10,000,000	10.00	10.00
Fidelity India Special Situations Fund - Growth	100,000	10.00	0.10
Fidelity India Special Situations Fund - Growth	100,000	10.00	0.10
Fidelity India Special Situations Fund - Growth	100,000	10.00	0.10
Fidelity India Special Situations Fund - Growth	100,000	10.00	0.10
Fidelity India Special Situations Fund - Growth	100,000	10.00	0.10
Fidelity India Special Situations Fund - Growth	100,000	10.00	0.10
ING Vysya ATM Fund - Growth	350,000	10.00	0.35
LIC MF Liquid Fund - Dividend Plan	50,000,000	10.00	50.00
LIC MF Liquid Fund - Dividend Plan	25,000,000	10.00	25.00
Lotus India Liquid Fund - Institutional Growth	1,000,000	10.00	1.00
Liquid Option Institutional Premium plan - Dividend Reinvestment Daily	10,000,000	10.00	10.00
Liquid Option Institutional Premium plan - Dividend Reinvestment Daily	4,500,000	10.00	4.50
Principal Monthly Income Plan Dividend Reinvestment Monthly	500,000	10.00	0.50
SBI Magnum Institutional Income - Savings - Dividend	4,000,000	10.00	4.00
SBI Magnum Institutional Income - Savings - Dividend	1,000,000	10.00	1.00
SBI Magnum Insta Cash Fund Liquid Floater Plan - Growth	500,000	10.00	0.50
Sundaram BNP Paribas Rural India Fund - Growth	250,000	10.00	0.25
UTI Index Select Equity Fund	250,000	10.00	0.25
UTI Index Select Equity Fund	250,000	10.00	0.25
UTI Floating Rate Fund - Short term Plan - Growth	30,000	1,000.00	3.00
Bonds			
9.10% UTI Bank Limited - Tier II (Series XI)	39	1,000,000.00	3.90
9.28% UCO Bank NCD Tier II 2021	1	1,000,000.00	0.10
9.25% Punjab & Sind Bank 2016	2	1,000,000.00	0.20
Equity Shares			
Reliance Petroleum Limited	14,001	10.00	0.08
D.S.Kulkarni Developers Limited	1,385	10.00	0.04
Patel Engineering Limited	3,332	1.00	0.15
Akruti Nirman Limited	292	10.00	0.02
Indian Bank	27,920	10.00	0.25

(Rs. In Crores)

PARTICULARS		AS AT 31.03.2007
SCHEDULE '9'		
INVENTORIES [At Cost or Net Realisable value whichever is lower]		
Stores, Spares, Packing Materials and others		26.22
Stock-In-trade :		
Raw Materials	132.80	
Process Stock (Refer Schedule 7)	174.87	
Finished Goods / Traded Goods (Refer Schedule 7)	130.57	
		438.24
TOTAL		464.46

SCHEDULE '10'		
SUNDRY DEBTORS (Unsecured)		
Debts Outstanding for a period exceeding six months		24.06
Other Debts		524.32
Gross		548.38
Less : Provision		3.86
TOTAL		544.52
Considered Good		544.52
Considered Doubtful		3.86
TOTAL		548.38

Note: Sundry Debtors includes Rs. 29.93 Crores towards contractual obligations on account of Export incentives Receivables.

SCHEDULE '11'		
CASH AND BANK BALANCES		
Cash on Hand		0.48
Cheques in Hand		39.97
Bank Balances :		
a) With Scheduled Banks		
- In Cash Credit Accounts		-
- In Current Accounts		12.59
- In Deposits Accounts (including interest accrued thereon Rs. 6.62 Crores)		440.36
- In Margin Money Deposits		228.93
b) With Others		
- In Current Account		0.03
- In Deposit Accounts		63.02
[Maximum amount outstanding at any time during the year Rs. 606.37 Crores]		
TOTAL		785.38

Note : Margin Money Deposit includes Rs. 187.88 Crores towards 100% LC margin against import of plant and machinery.

(Rs. In Crores)

PARTICULARS	AS AT 31.03.2007
SCHEDULE '12'	
LOANS AND ADVANCES	
[Unsecured]	
Advances recoverable in cash or kind or for value to be received	267.17
Loans / Inter Corporate Deposits	6.19
Deposits	4.04
Balances with Central Excise Collectorate	0.14
Mat Credit Entitlement	1.11
(Refer note 11 of Part B of Schedule 20)	
TOTAL	278.65

Loans and Advances includes:

a) Rs. 64.00 Crores towards Modvat credit balances to be utilised in the subsequent years
b) Rs. 64.19 Crores towards interest / capital subsidy receivable under the TUF scheme of Government of India
c) Rs.1.77 Crores being deposits towards office/residential premises taken on rental basis
d) Rs.0.08 Crores due from Officers of the company [maximum amount outstanding during the year Rs.0.33 crores].

SCHEDULE '13'		
CURRENT LIABILITIES		
Sundry Creditors [including Acceptances Rs. 86.95 Crores]		
Total Outstanding dues to :		
- Small scale industrial undertakings	2.41	
- Creditors other than small scale industrial undertakings	225.67	
		228.08
Unclaimed Dividend *		0.37
Interest Accrued but not due on loans		21.25
Advance from customers		5.80
TOTAL		255.50

* includes Rs. Nil due and outstanding to be credited to Investor Education and Protection Fund

Notes:

1) Sundry Creditors includes Rs.0.35 crores being overdrawn bank balances as per books consequent to issue of cheques at the year end though the banks have positive balances as on that date.
2) The Company has not received intimation from suppliers regarding the status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act have not been given.

SCHEDULE '14'		
PROVISIONS		
Provision for Gratuity and Leave Encashment		4.76
Proposed Dividend		23.85
Provision for Tax on Dividend		4.05
Provision for Taxation (Net of advance tax payments)		4.82
TOTAL		37.48

(Rs. In Crores)

PARTICULARS		AS AT 31.03.2007
SCHEDULE '15'		
SALES		
Sales – Local	1,222.41	
Sales – Export	622.54	
		1,844.95
Export Incentive		19.17
TOTAL		1,864.12

PARTICULARS		AS AT 31.03.2007
SCHEDULE '16'		
OTHER INCOME		
Dividend Income		
On long term investment	0.16	
On Current investment	0.11	
		0.27
Insurance Claim received		0.14
Profit on sale of Current Investments (Net)		0.24
Exchange Rate difference (Net)		33.56
Provision for Doubtful Debts and Advances written back		1.18
Sundry Credit Balances written back		1.93
TOTAL		37.32

PARTICULARS		AS AT 31.03.2007
SCHEDULE '17'		
INCREASE IN STOCK OF FINISHED GOODS AND PROCESS STOCK		
CLOSING STOCK AS ON MARCH 31 , 2007		
Finished Goods / Traded Goods	130.34	
Process Stock	174.87	
		305.21
LESS : TRANSFERRED*		
Finished Goods / Traded Goods	1.07	
Process Stock	2.86	
		3.93
LESS: OPENING STOCK AS ON APRIL 1, 2006		
Finished Goods / Traded Goods	119.00	
Process Stock	116.95	
		235.95
TOTAL		65.33

* Transferred to inventory being unutilised inventory on completion of project (Refer Schedule 7)

(Rs. In Crores)

PARTICULARS		AS AT 31.03.2007
SCHEDULE '18'		
MANUFACTURING AND OTHER EXPENSES		
Raw Material Consumed		1,010.79
Payment to and Provisions for Employees :		
Salaries, Wages and Bonus	43.83	
Contribution to Provident Fund and Other Funds	1.73	
Employees Welfare Expenses	2.66	
		48.22
Operational and Other Expenses		
Stores and Spares Consumed		17.19
Packing Materials Consumed		35.01
Power and Fuel		89.74
Processing Charges		20.69
Labour Charges		19.15
Excise Duty		(0.43)
Donation		2.05
Freight ,Coolie & Cartage		30.84
Exchange Rate Difference (Net)		-
Legal and Professional Fees		19.63
Rent		3.20
Rates and Taxes		4.55
Repairs and Maintenance		
- Plant and Machinery	1.62	
- Factory Building	0.99	
- Others	1.42	
		4.03
Commission on Sales		9.96
Provision for Doubtful Debts and Advances		2.08
Bad debts and other advances written off		0.19
Directors Remuneration		2.40
Directors Fees and Commission		5.04
Auditors Remuneration		
- Audit Fees	0.14	
- Tax Audit Fees	0.01	
- Certification Fees	0.02	0.17
Insurance		4.59
Loss on Sale of Fixed Assets (net)		0.09
Excess of Cost over Fair value of current Investments		0.48
Miscellaneous Expenses		54.90
[Miscellaneous Expenses includes Printing and Stationery, Bank Charges, Advertisement, Bill Discounting Charges etc.]		
TOTAL		1,384.56

SCHEDULE '19'		
INTEREST (NET)		
Interest Paid :		
On Debentures	12.76	
[Net of Interest Subsidy Rs.1.20 Crores]		
On Fixed Loan	64.47	
[Net of Interest Subsidy Rs. 35.51 Crores]		
On Cash Credit Accounts, etc.	64.57	
		141.80
Less : Interest Received on Loans, Deposits etc.		52.76
[Tax Deducted at Source Rs. 7.22 Crore]		
TOTAL		89.04

SCHEDULE '20'

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO CONSOLIDATED ACCOUNTS

A) SIGNIFICANT ACCOUNTING POLICIES

1. Principles of Consolidation

The consolidated financial statements relate to Alok Industries Limited ('the Company') and its subsidiary companies. The consolidated financial statements have been prepared on the following basis:

a) The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses in accordance with Accounting Standard (AS) 21 - "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.

b) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

2. Use of Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles require estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between, the actual results and estimates are recognised in the period in which the results are known / materialise.

3. Revenue Recognition

a) Revenue on sale of products is recognised when the products are dispatched to customers, all significant contractual obligations have been satisfied and the collection of the resulting receivable is reasonably expected. Sales are stated net of returns and sales tax collected.

b) Revenue in respect of insurance/other claims, interest etc. is recognised only when it is reasonably certain that the ultimate collection will be made.

4. Fixed Assets

a) **Own Assets:**

Fixed Assets are stated at cost of acquisition or construction including incidental expenses. They are stated at historical cost less accumulated depreciation and impairment loss, if any.

Exchange differences on translation /repayment of foreign currency liability incurred for the purpose of acquiring fixed assets from country outside India are adjusted in carrying amount of the respective fixed assets.

Fixed assets acquired and put to use for project purposes are capitalised and depreciation thereon is included under "Incidental Expenditure During Construction".

b) **Assets taken on lease**:

1) Finance Lease:

Assets taken on lease after April 1, 2001 are accounted for as fixed assets in accordance with Accounting Standard on "Leases" AS-19 issued by ICAI. Accordingly, the assets have been accounted at fair value. Lease payments are apportioned between finance charges and reduction of outstanding liability.

2) Operating Lease:

Assets taken on lease under which, all the risk and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating leases are recognised as expenses on accrual basis in accordance with the respective lease agreements.

5. Investments

Investments classified as Long Term Investments are stated at cost. Provision is made to recognise a decline, other than temporary, in the value of investments. Current investments are carried at cost or fair value whichever is lower.

6. Capital Work- in-Progress / Incidental Expenditure During Construction

Projects under commissioning are carried forward at cost as capital work in progress and represent payments made to contractors including advances.

Incidental expenditure in relation to project under commissioning is carried forward till completion of project and comprises of direct cost, related incidental expenditure and attributable interest.

7. Depreciation

a) Depreciation on Fixed Assets is provided on Straight Line Method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

b) Cost of leasehold land is amortised over the period of lease.

8. Foreign Currency Transactions

a) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transactions.

b) Monetary items denominated in foreign currencies at the year end are restated at the year end rates. In case of monetary items, which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contracts is recognised as exchange difference over the life of the contract together with premium/discount thereon.

c) Non-monetary foreign currency items are carried at cost.

d) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the profit and loss account except in cases where they relate to acquisition of fixed assets acquired from countries outside India in which case they are adjusted to the carrying cost of such assets.

e) For the purpose of consolidation, income and expenses are translated at average rates, monetary assets and liabilities are stated at closing rate and non-monetary assets and liabilities are stated at historical rate. The net impact of such change is accounted for in accordance with Accounting Standard (AS-11) (revised 2003) on “The Effects of Changes in Foreign Exchange Rates”, issued by ICAI.

9. Inventories

Items of Inventories are valued on the basis given below:

1. Raw Materials, Packing Materials, Stores and Spares and Trading goods: at cost determined on First – In – First – Out (FIFO) basis or net realisable value, whichever is lower.
2. Process stock and Finished Goods: At weighted average cost or net realisable values whichever is lower. Cost comprises of cost of purchase, cost of conversion and other costs incurred in bringing the inventory to their present location and condition.

10. Retirement Benefits

a) Contribution payable to the Company’s Provident Fund is charged to revenue.

b) The Company has taken a group gratuity policy for future payment of gratuity with the Life Insurance Corporation (LIC) of India. Contribution paid/payable by the company to the LIC is charged to revenue on the basis of actuarial valuation towards demand worked out by LIC.

c) Liability for leave encashment benefit is determined in accordance with the rules of the Company and charged to revenue.

11. Accounting of CENVAT credit

Cenvat credit available is accounted by recording material purchases net of excise duty. Cenvat credit availed is accounted on adjustment against excise duty payable on dispatch of finished goods.

12. Government Grants

Grants, in the nature of interest subsidy under the Technology Upgradation Fund Scheme (TUFS), are accounted for when it is reasonably certain that ultimate collection will be made. Government grants not specifically related to fixed assets are recognised in the Profit and Loss Account in the year of accrual / receipt.

13. Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue.

14. Income taxes

Current income tax expense comprises of taxes on income from operations in India and in foreign jurisdictions. The tax expense relating to overseas operations is determined in accordance with tax laws applicable in countries where such operations are domiciled.

Tax expense in India comprises of current tax, deffered tax and fringe benefit tax (FBT). Current tax and deffered tax are accounted for in accordance with Accounting Standard (AS-22) on “Accounting for taxes on Income”, issued by ICAI. Current tax is measured at the amount expected to be paid / recovered from the tax authority using the applicable tax rates. Deferred tax assets and liabilities are recognised for future tax consequence attributable to timing difference between taxable income and accounting income that are capable of reversing in one or more subsequent periods and are measured at relevant enacted/ substantively enacted tax rates. At each balance sheet date, the Company reassesses unrealised deferred tax assets to the extent they become reasonably certain or virtually certain of realisation, as the case may be. FBT is recognised in accordance with the relevant provision of Income Tax Act, 1961 and the Guidance Note on FBT issued by ICAI. Minimum Alternate Tax (MAT) credit entitlement is recognised in accordance with the Guidance Note on “Accounting for credit available in respect of Minimum Alternate Tax under the Income Tax Act, 1961” issued by ICAI (Refer note no. 11 of Part B of Schedule 20).

15. Intangible Assets

Intangible assets are recognised only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably. The intangible assets are recorded at cost and are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

16. Impairment of Fixed Assets

At the end of each year, the company determines whether a provision should be made for impairment loss on fixed assets by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard (AS-28) ‘‘Impairment of Assets’’ issued by the ICAI An impairment loss is charged to the Profit and Loss Account in the year in which, an asset is identified as impaired, when the carrying value of the asset exceeds its recoverable value. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

17. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the Notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

18. Issue Expenses

Expenses incurred in connection with the issue of shares, debentures and Foreign Currency Convertible Bonds, are adjusted against Securities Premium Account.

19. Preliminary Expenses

Preliminary Expenses to the extent not written off or adjusted will be charged to revenue in the year in which there is profit to absorb the same

B) NOTES TO ACCOUNTS

1 The Subsidiary companies considered in the consolidated financial statements are:

Sr. No.	Name of the subsidiaries	Country of Incorporation	Ownership Interest
A	Alok Industries International limited	British Virgin Island	**100%**
B	Alok Infrastructure Private Limited	India	**100%**
C	Alok Inc.	New York	**100%**

2 Contingent Liabilities in respect of

(Rs. In Crores)

Sr. No.	Particulars	Current Year
A	Customs duty on shortfall in export obligation in accordance with Exim Policy (The company is hopeful of meeting the export obligation within the stipulated period)	**Amount Unascertained**
B	Guarantees given by banks on behalf of the Company	**8.41**
C	Bills discounted	**61.96**

3 Capital Commitments

Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of advances)	**312.60**

4 Related Parties Disclosure

a) Names of related parties and nature of relationship

As per Accounting Standard (AS - 18) "Related Party Disclosures" issued by the ICAI, Company's related parties disclosed as below:

1) Names of related parties and description of relationship.

I Associates

Alok Denims (India) Pvt. Ltd.
Alok Finance Pvt. Ltd.
Alok Knit Exports Limited
Alok Textile Traders
Ashok B. Jiwrajka (HUF)
Ashok Realtors Pvt. Ltd.
Buds Clothing Co.
D. Surendra & Co.
Dilip B. Jiwrajka (HUF)
Grabal Alok Impex Ltd.
Grabal Alok International Limited
Vaibhav Knit Fab
Grabal Alok (UK) Ltd. (Formerly known as Hamsard 2353 Ltd.)
Green Park Enterprises
Honey Comb Knit Fabrics
Jiwrajka Associates Pvt. Ltd.
Jiwrajka Investment Pvt. Ltd.
Niraj Realtors & Shares Pvt. Ltd.
Nirvan Exports
Nirvan Holdings Pvt. Ltd.
Pramatex Enterprises
Pramita Creation Pvt. Ltd.
Surendra B. Jiwrajka (HUF)
Tulip Textiles
Alspun Infrastructure Ltd.

III Key Management Personnel

Ashok B. Jiwrajka
Chandrakumar Bubna
Dilip B. Jiwrajka
Surendra B. Jiwrajka
} Directors
Alok A. Jiwrajka

IV Relatives of Key Management Personnel

Prita D Jiwrajka
S P Bubna

2) Nature of transaction with Associates, Key Management Personnel and Relative of Key Management Personnel.

(Rs. in Crores)

Transaction	Associates	Key Management Personnel	Relative of Key Management Personnel	Total
a) Unsecured Loan				
Balance as at 1st April	-	-	-	-
Received during year (Net)	-	-**	-	-
Repaid / Adjustment during the year	-	-	-	-
Balance as at 31St March	-	-**	-	-
b) Loan and Advances				
Balance as at 1st April	4.07	-	-	4.07
Granted during year (Net)	-	-	-	-
Received / Adjustment during the year	3.12	-	-	3.12
Balance as at 31St March	0.95	-	-	0.95
c) Investment				
Balance as at 1st April	3.99	-	-	3.99
Invested during year	-	-	-	-
Balance as at 31st March	3.99	-	-	3.99
d) Turnover				
Sales of goods	30.11	-	-	30.11
e) Expenditure				
Purchase of goods	2.09	-	-	2.09
Rent	0.20	-	-	0.20
Remuneration	-	7.42	0.04	7.46
e) Dividend Paid	0.37	-	-	0.37
f) Income				
Dividend	0.14	-	-	0.14
Rent	0.01	-	-	0.01

** Rs. 24,000/-

Note : Related party relationship is as identified by the company and relied upon by the Auditors.

3. Out of the above items, transaction in excess of 10% of the total Related Party transactions are as under :-

(Rs. in Crores)

Transaction	Current Year	
	Amount	Amount
a) Loans and advances		
Associates:		
Granted during the year (Net) -		
Grabal Alok Impex Limited	-	-
	________	
Received/Adjusted during the year-		
Grabal Alok Impex Limited	2.82	
	________	
		2.82
b) Turnover		
Associates:		
Grabal Alok Impex Ltd	27.12	
	________	
		27.12

Transaction	Current Year	
	Amount	Amount
c) Expenditure		
Purchase of Goods:		
Associates-		
Grabal Alok Impex Ltd	2.09	
		2.09
Rent:		
Associates-		
Alok Denims (India) Pvt. Ltd.	0.20	
		0.20
Remuneration:		
Key Management Personnel-		
Ashok B. Jiwrajka	1.85	
Chandrakumar Bubna	1.85	
Dilip B. Jiwrajka	1.85	
Surendra B. jiwrajka	1.85	
		7.40
d) Dividend paid		
Associates-		
Grabal Alok Impex Ltd		0.37
e) Income		
Dividend:		
Associates-		
Grabal Alok Impex Ltd		0.14
Rent received:		
Associates-		
Alok Denims (India) Pvt. Ltd.		0.01

b Details in accordance with clause 32 of the listing agreement with the stock exchanges.

i) Loans & Advance to associates, firms or companies in which directors are interested – Rs.0.81 crores (Previous year Rs. 3.62 crores) is not considered as it is repayable on demand and Interest is charged at market rates (excludes deposit for rented premises and share application money).

ii) Investment by Loanee in the shares of the company

Name of the Company	No.of equity shares	Face Value (Rupees)
Grabal Alok Impex limited	5,710,368	57,103,680

5. The Company during the year mainly capitalised Wider Width Weaving unit (phase II), Normal Width Weaving unit (Phase II), Garment & Made-up unit (Phase II), POY unit and Yarn Texturising units at Sayli, Dadra and Nagar Haveli, Normal width processing unit (Phase II), Yarn Dyeing unit (Phase II) & Knit processing unit at Vapi, Gujarat.

Spinning unit (Phase II), Spinning unit (Phase III),Terry Towel unit, Weaving Normal Width unit (Phase III),Weaving Wider Width unit (phase III),Woven Processing Wider Width unit (Phase III) and Made Up unit (Phase III) are continued to be under construction/ erection. Hence incidental expenses during construction period amounting to Rs.19.59 Crores related with these projects are carried forward and will be capitalised on completion of the same.

6. Deferred Taxation

a) Deferred Tax Assets and Liabilities arising on account of timing differences are as under: (Rs. in Crores)

	31.03.2007
I) Deferred Tax Liability (DTL)	
i) Depreciation	**148.41**
	148.41
II) Deferred Tax Asset (DTA)	
i) Other items	**3.02**
ii) FCCB Issue Expenses	**3.97**
	6.99
(I-II) Total Deferred Tax Liabilities (Net)	**141.82**

7. Earnings per share (EPS)

(Rs. In Crores)

		Current Year
a.	**Net profit after tax**	**164.82**
	Add: (Short)/Excess Provision for Income tax in respect of earlier year	**(0.16)**
	Less: Dividend on Preference Shares including Dividend tax	**(0.84)**
	Net Profit Available for Equity Shareholders – (Basic)	**163.82**
	Add: Interest payable on FCCBs (Net of tax)	**10.91**
	Add: Preference Dividend payable (Net of Tax)	**0.84**
	Add: Interest on Convertible Debenture (Net of tax)	**-**
	Net profit available for Equity Shareholders – (Dilutive)	**175.57**
b.	Weighted average number of Equity Shares Basic (Nos.)	**168,860,618**
	Add: Dilutive share warrants (Nos)	-
	Add: Effect of potential Equity Shares on conversion of FCCBs (Nos.)	**31,311,247**
	Add: Effect of potential Equity Shares on conversion of OFCDs (Nos.)	**-**
	Add: Effect of potential Equity Shares on conversion of OCPSs (Nos.)	**1,213,258**
	Weighted average number of Equity Shares Dilutive (Nos.)	**201,385,123**
c.	Nominal value of equity shares per share (In Rupees)	**10**
d.	Basic Earnings per share (Rupees)	**9.70**
	Diluted Earnings per share (Rupees)	**8.72**

8. Segment Reporting

a) Primary Segment: Geographical Segment

The company, during the year, considering its higher level of international operations and present internal financial reporting based on geographic location of customer, has identified geographic segment as primary segment. On that basis the information for the previous year for this segment has been compiled and disclosed by the Company for comparative purpose in brackets.The geographic segment consist of:

a) Domestic (Sales to Customers located in India)

b) International (Sales to Customers located outside India)

Revenue directly attributable to segments is reported based on items that are individually identifiable to that segment.

The company believes that it is not practical to allocate segment expenses, segment results, fixed assets used in the company's business or liabilities contracted since the resources/services/assets are used interchangeably within the segments. Accordingly, no disclosure relating to same is made.

(Rs. in Crores)

	India	Rest of World	Total
Operating Revenue (including job work charges)	1,182.97	641.71	1,824.68
Profit before Interest & Tax (segment results unallocable)			321.32
Less: Interest and Finance Charges			89.04
Tax			67.46
Profit after Tax			164.82

b) Secondary Segment: Business Segment The company is operating into a single business i.e. Textile and such all business activities revolve around this segment. Hence, there is no separate business segment to be reported considering the requirement of AS 17 on "Segment Reporting" issued by the Institute of Chartered Accountants of India.

9. In the opinion of the Board, carrying value of all Current Assets, Loans and Advances and other receivables is not less than their realisable value in the ordinary course of business.

10. Sundry Debtors (Refer Schedule 10) includes Rs. Nil [Maximum amount outstanding during the year Rs. Nil] due from the officers of the Company.

11. Provision for Income Tax of Rs. 25.94 Crores has been computed on the basis of Minimum Alternate Tax (MAT) in accordance with Section 115JB of the Income Tax Act, 1961, in view of deductions available to the company. Considering the future profitability and taxable positions in the subsequent years, the company has recognized 'MAT credit entitlement' aggregating to Rs. 1.11 Crores as an asset by crediting the Profit and Loss Account for an equivalent amount and disclosed under 'Loans and Advances' (Schedule 12) in accordance with the Guidance Note on "Accounting for credit available in respect of Minimum Alternate Tax under the Income Tax Act, 1961" issued by The Institute of Chartered Accountants of India.

12. Excess provision for dividend of earlier years of Rs. 0.39 Crores (including dividend tax Rs. 0.05 Crore), represent the difference between the amount provided and paid considering the legal opinion obtained by the company and the amount finally paid on the shares allotted as on outcome of conversion of FCCBs.

13. a) Derivative contracts entered into by the company and outstanding as on March 31, 2007

For hedging currency and interest rate related risks

Nominal amounts of derivative contracts entered into by the company and outstanding as on March 31, 2007amount to Rs. 2,045.11 Crores. Category wise break-up is given below.

(Rs. in Crores)

Sr. No.	Particulars	As at 31st March, 2007
1	Interest Rate Swaps	656.39
2	Currency Swaps	220.77
3	Options	1,167.95
	Total	**2,045.11**

b) All derivative and financial instruments acquired by the company are for hedging purpose only.

c) Foreign currency exposure that are not hedged by derivative instruments as on March 31, 2007 amount to Rs. 202.87 crores

14. The amounts in balance Sheet and Profit and Loss account are rounded off to the nearest lakh and denominated in Crores of rupees.

Signatures to Schedules 1 to 20

As per our attached report of even date

For Gandhi & Parekh
Chartered Accountants

Mahesh T. Gandhi
Partner

Place: Mumbai
Dated: 31st July 2007

For and on behalf of the Board

Ashok B. Jiwrajka - Executive Chairman

Dilip B. Jiwrajka - Managing Director

Surendra B. Jiwrajka - Joint Managing Director

Sunil O. Khandelwal - Chief Financial Officer

K.H. Gopal President (Corporate Affairs) & Secretary

Place: Mumbai
Dated: 31st July 2007

Alok Industries International Limited

Alok Industries International Limited

BOARD OF DIRECTORS

Ashok B. Jiwrajka	Chairman
Dilip B. Jiwrajka	Director
Surendra B. Jiwrajka	Director

BANKERS
Standard Chartered Bank

AUDITORS
Deloitte Haskins & Sells

REGISTERED OFFICE
Pasea Estate, Road Town,
Tortola,
British Virgin Islands

Dear Shareholders,

Yours Directors take pleasure in presenting the First Annual Report and the Audited Accounts which have been prepared in accordance with the Generally Accepted Accounting Principles in India and audited for consolidation purposes with the holding company viz. Alok Industries Limited ("holding company"), a company incorporated in India for the financial year ended 31st March 2007.

Your Company was incorporated on 25th January 2007 in the British Virgin Islands and is a 100% wholly owned subsidiary of the above named holding company. The first year of your Company is from January 25, 2007 to March 31, 2007.

PERFORMANCE

Your Company has issued and allotted 50000 equity shares of USD 1 each and 5,074,240 - 1% Cumulative Redeemable Preference Shares of USD 1 each to the holding company during the year under review against the investment made by them.

Your Company in turn made an investment of the said sum by way of share application money in Mileta a.s., a leading textile company in Czech Republic. Mileta, is a leading European manufacturer of high quality shirting fabrics, batistes and voiles, complete line of functional table linen and bed linen and exclusive handkerchiefs. This acquisition is aimed at making further inroads in the growing European market and strengthening the holding company's presence in Europe in the fashion conscious apparel and home textile segments. Mileta has on 2nd April 2007 issued and allotted 236,017 equity shares of CZK 473.00 to the Company constituting around 60% of equity capital of Mileta. The Company has also entered into an understanding with Mileta to acquire a further 19.6% stake on certain mutually agreed terms andconditions.

Your Company, after the balance sheet date, has signed an exclusive license agreement with New York, NY headquartered AISLE 5, LLC for its portfolio of lifestyle brands like aworld, Cotton + Clay etc. Under this multi-year license, your Company has the rights to manufacture and distribute Bathing, Sleeping, Dining and Home Décor textile products specifically: sheets, pillow cases, blankets, duvets, robes, bathmats, towels, table linens, decorative pillows through supermarket retail stores in the United States and Canada.

Your Directors are confident that the Mileta investment and the AISLE 5 agreement hold great potential for long term growth. Your Company will continue to scout for similar opportunities in the future.

FIXED DEPOSITS

Your Company has not accepted any fixed deposits from the public.

DIRECTORS:

The First Directors of your Company Shri Ashok B. Jiwrajka, Shri Dilip B. Jiwrajka and Shri Surendra B.Jiwrajka shall hold the office till the ensuing Annual General Meeting of the Company and are eligible for re-appointment.

AUDITORS AND AUDITORS' REPORT

The Auditors of the Company, M/s. Deloitte Haskins & Sells, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

The Auditor's Report to the shareholders does not contain any qualifications.

For and on behalf of the Board

Place : Mumbai
Date : 31st July 2007

Ashok B. Jiwrajka
Chairman

AUDITORS' REPORT

To
The Board of Directors of
Alok Industries International Limited

We have audited the Balance Sheet of Alok Industries International Limited ("the company") as at 31st March, 2007, the Profit and Loss Account and also the Cash Flow Statement of the Company for the period from 25th January, 2007 to 31st March, 2007 (the financial statements) attached hereto, which have been prepared in accordance with the Generally Accepted Accounting Principles in India.

This report is issued solely for the purpose of consolidation of accounts by the holding company, Alok Industries Limited and to comply with the provisions of Section 212 of the Companies Act, 1956, and should not be used for other purposes.

Respective Responsibilities of the Management and Auditors

The management of the Company is responsible for the preparation of these financial statements. It is our responsibility to form an independent opinion, based on our audit of the statements and to express our opinion thereon.

Basis of Opinion

We conducted our audit in accordance with the auditing standards issued by the Institute of Chartered Accountants of India. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the management in the preparation of the financial statements and whether the accounting policies are appropriate to the circumstances related to the Company, consistently applied and adequately disclosed. We planned and performed the audit so as to obtain all information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit.

Opinion

A. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts of the Company and comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act.

B. In our opinion, and to the best of our information and according to the explanations given to us, the financial statements read with the accounting policies and notes thereon give a true and fair view;

   (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2007;

   (ii) in the case of the Profit and Loss Account, of the loss for the period from 25th January, 2007 to 31st March, 2007, and

   (iii) in the case of the Cash Flow Statement, of the cash flows for the period from 25th January, 2007 to 31st March, 2007.

For Deloitte Haskins & Sells
Chartered Accountants

P. R. Barpande
Partner
Membership No. 15291

Place : Mumbai
Dated: 31st July 2007

BALANCE SHEET AS AT MARCH 31, 2007

PARTICULARS	SCHEDULE NO.	AS AT 31.03.2007 [Rupees]	AS AT 31.03.2007 [USD]
I SOURCES OF FUNDS			
Shareholders' Funds			
Capital	1	222,647,552	5,124,240
Share Application Money		815,814,190	18,466,075
Reserves and Surplus	2	(13,656,538)	-
TOTAL		**1,024,805,204**	**23,590,315**
II APPLICATION OF FUNDS			
Investments	3	222,605,697	5,124,240
Current Assets, Loans and Advances			
Cash and Bank balances	4	-	-
Loans and Advances	5	802,197,701	18,466,075
		802,197,701	18,466,075
Less: Current Liabilities and Provisions			
Current Liabilities	6	384,130	8,743
		384,130	8,743
Net Current Assets		801,813,571	18,457,332
Profit and Loss Account		385,936	8,743
TOTAL		**1,024,805,204**	**23,590,315**
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS	8		

As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

P. R. Barpande
Partner

Place : Mumbai
Date : 31st July 2007

For and on behalf of the Board

Ashok B. Jiwrajka Chairman

Dilip B. Jiwrajka Director

Surendra B. Jiwrajka Director

Place : Mumbai
Date : 31st July 2007

PROFIT AND LOSS ACCOUNT FOR THE PERIOD JANUARY 25, 2007 To MARCH 31, 2007

PARTICULARS	SCHEDULE NO.	AS AT 31.03.2007 [Rupees]	AS AT 31.03.2007 [USD]
INCOME		-	-
		-	-
EXPENDITURE			
Administration and Other Expenses	7	385,936	8,743
		385,936	8,743
LOSS BEFORE TAX		**(385,936)**	**(8,743)**
Provision for Tax		**-**	-
BALANCE CARRIED TO BALANCE SHEET		**(385,936)**	**(8,743)**
EARNING PER SHARE - BASIC AND DILUTED		**(78.09)**	**(1.78)**
(Refer Note No.5 of Schedule No.8)			
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS	8		

As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

P. R. Barpande
Partner

Place : Mumbai
Date : 31st July 2007

For and on behalf of the Board

Ashok B. Jiwrajka Chairman

Dilip B. Jiwrajka Director

Surendra B. Jiwrajka Director

Place : Mumbai
Date : 31st July 2007

CASH FLOW STATEMENT FOR THE PERIOD JANUARY 25, 2007 TO MARCH 31, 2007

	PARTICULARS	2006-07 Rupees	2006-07 USD
A]	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Loss before Tax	(385,936)	(8,743)
	Operating Loss before Working Capital changes	**(385,936)**	**(8,743)**
	Adjustments for :		
	Increase in Current Liabilities	384,130	8,743
	Increase in Loans and Advances	(802,197,701)	(18,466,075)
	Net cash used in operating activities (A)	**(802,199,507)**	**(18,466,075)**
B)	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Share Application Money	(222,605,697)	(5,124,240)
	Net cash used in investing activities (B)	**(222,605,697)**	**(5,124,240)**
C)	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Issue of Equity Shares	2,213,940	50,000
	Issue of Preference Shares	220,433,612	5,074,240
	Share Application Money received	815,814,190	18,466,075
	Net cash flow from Financing activities (C)	**1,038,461,742**	**23,590,315**
	Net increase in Cash and Cash equivalents (A+B+C)	**13,656,538**	**-**
	Cash and Cash equivalents at the beginning of the period	-	**-**
	Effect of exchange rate change on cash and cash equivalent	(13,656,538)	-
	Cash and Cash equivalents at the end of the period	-	**-**

NOTES TO CASH FLOW STATEMENT

1 Components of Cash and Cash Equivalents include Cash and Bank balances as stated in Schedule 4 of the Balance Sheet.

2 Increase in Loans and Advances is classified under Operating activity, since such loan represents interest free short term funding to an associate. (Refer Note of Schedule No.5)

3 The Cash Flow Statement has been prepared in accordance with the requirements of Accounting Standard AS-3 “Cash Flow Statement” issued by the Institute of Chartered Accountants of India.

4 This being the first financial year of the company, the figures of the previous year are not applicable and hence not disclosed.

As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

P. R. Barpande
Partner

Place : Mumbai
Date : 31st July 2007

For and on behalf of the Board

Ashok B. Jiwrajka Chairman

Dilip B. Jiwrajka Director

Surendra B. Jiwrajka Director

Place : Mumbai
Date : 31st July 2007

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2007

PARTICULARS	AS AT 31.03.2007 [Rupees]	AS AT 31.03.2007 [USD]
SCHEDULE '1'		
SHARE CAPITAL		
Authorised :		
50,000 Equity Shares of USD 1 each	2,213,940	50,000
10,000,000 Preference Shares of USD 1 each	434,417,000	10,000,000
	436,630,940	10,050,000
Issued and Subscribed		
Equity Share Capital	2,213,940	50,000
50,000 Equity Shares of USD 1 each fully paid up		
Preference Share Capital		
1%, 5,074,240 Preference Shares of USD 1 each fully paid up (redeemable at par after 10 years from the date of allotment ie February 7, 2007 with a put and call option at the end of each year)	220,433,612	5,074,240
TOTAL	222,647,552	5,124,240

Note: The above equity and preference shares have been held by Alok Industries Limited, the Holding Company

PARTICULARS	AS AT 31.03.2007 [Rupees]	AS AT 31.03.2007 [USD]
SCHEDULE '2'		
RESERVES AND SURPLUS		
Currency Translation Reserve	(13,656,538)	-
TOTAL	(13,656,538)	-

PARTICULARS	AS AT 31.03.2007 [Rupees]	AS AT 31.03.2007 [USD]
SCHEDULE '3'		
INVESTMENTS		
Share Application Money (Since Allotted)	222,605,697	5,124,240
236,017 ordinary shares in Mileta AS of CZK 1000 each		
TOTAL	222,605,697	5,124,240

PARTICULARS	AS AT 31.03.2007 [Rupees]	AS AT 31.03.2007 [USD]
SCHEDULE '4'		
CASH AND BANK BALANCES		
Bank Balances :		
With Others in current account :		
Standard Chartered Bank, London	-	-
[Maximum balance outstanding during the period Rs.Nil (USD Nil)		
TOTAL	-	-

PARTICULARS	AS AT 31.03.2007 [Rupees]	AS AT 31.03.2007 [USD]
SCHEDULE '5'		
LOANS AND ADVANCES		
(Unsecured, Considered Good)		
- Loans	**802,197,701**	18,466,075
Note: Represents the interest free loan given to Grabal Alok International Limited, an associate being short term loan which has been partially repaid subsequent to the period end and balance amount is expected to be recovered shortly.		
TOTAL	**802,197,701**	**18,466,075**

PARTICULARS	AS AT 31.03.2007 [Rupees]	AS AT 31.03.2007 [USD]
SCHEDULE '6'		
CURRENT LIABILITIES		
Sundry Creditors		
- Total outstanding due to Small Scale Industrial Undertaking	-	-
- Total outstanding due to Creditors other than Small Scale Industrial Undertaking	**384,130**	8,743
TOTAL	**384,130**	**8,743**

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE PERIOD JANUARY 25, 2007 TO MARCH 31, 2007

PARTICULARS	2006-07 [Rupees]	2006-07 [USD]
SCHEDULE '7'		
ADMINISTRATION AND OTHER EXPENSES		
Legal and Professional Fees	**271,770**	6,157
Auditor's Remuneration (including Service Tax)	**114,166**	2,586
TOTAL	**385,936**	8,743

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

SCHEDULE '8'

A) SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared solely for the purpose of consolidation by the holding company, Alok Industries Limited and to comply with the provisions of Section 212 of the Indian Companies Act, 1956.

1. Basis of Preparation of Financial Statements

a) The accompanying financial statements have been prepared under the historical cost convention in accordance with generally accepted accounting principles in India, the applicable Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI).

b) **Translation to Indian Rupees :-**

The accounts are maintained in US Dollars being reporting currency. The accounts are translated to Indian Rupees as follows-

(i) All income and expenses are translated at the average rate of exchange prevailing during the period.

(ii) Assets and Liabilities are translated at the closing rate on the balance sheet date.

(iii) Equity Share Capital including Share Application Money is translated at historical rates.

(iv) The resulting exchange difference are accumulated in 'Currency Translation Reserve'.

(v) The aforesaid items as translated are considered for the purpose of cash flow statement.

2. Use of Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles require estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between, the actual results and estimates are recognised in the period in which the results are known / materialise.

3. Investments

Investments classified as Long Term Investments are stated at cost. Provision is made to recognise a decline, other than temporary, in the value of investments.

4. Foreign Currency Transactions

i. Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transactions.

ii. Monetary items denominated in foreign currencies at the year end are restated at the year end rates.

iii. Non-monetary foreign currency items are carried at cost.

iv. Any income or expense on account of exchange difference either on settlement or on translation is recognised in the profit and loss account except in cases where they relate to acquisition of fixed assets acquired from countries outside India in which case they are adjusted to the carrying cost of such assets.

5. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the Notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

B) NOTES TO ACCOUNTS

1. Company Overview

Alok Industries International Limited incorporated in January, 2007 under the laws of British Virgin Island, is a wholly owned subsidiary of Alok Industries Limited, Company incorporated in India. These accounts have been prepared solely and audited for the purpose of consolidation and to comply with the provisions of the Indian Companies Act, 1956.

During the period, the company considering its overall objectives of strategic investment paid Rs.222,605,697 (USD 5,124,240) to Mileta AS as share application money in respect of which shares were allotted subsequent to the period end.

2. Contingent Liabilities in respect of

Particulars	Rupees	USD
Arrears of fixed cumulative dividend on Preference shares for the period February 7, 2007 to March 31, 2007 (Not subject to deduction of Income Tax)	**320,082**	**7,368**

3. Related Parties Disclosures

As per Accounting Standard AS – 18 "Related Party Disclosures" issued by the ICAI, Company's related parties disclosed as below:

I Names of related party and nature of relationship

Alok Industries Limited	Holding Company
Grabal Alok International Limited	Associate Company

II Nature of transactions with Holding and Associate Company

Transaction	Holding Company		Associate		Total	
	In Rupees	In USD	In Rupees	In USD	In Rupees	In USD
Equity Shares						
Allotted during the year	2,213,940	50,000	-	-	2,213,940	50,000
Balance as at 31st March	2,213,940	50,000	-	-	2,213,940	50,000
Preference Shares						
Allotted during the year	220,433,612	5,074,240	-	-	220,433,612	5,074,240
Balance as at 31st March	220,433,612	5,074,240	-	-	220,433,612	5,074,240
Share Application Money						
Received during the year	815,814,190	18,466,075	-	-	815,814,190	18,466,075
Balance as at 31st March	815,814,190	18,466,075	-	-	815,814,190	18,466,075
Loans						
Given during the year	-	-	802,197,701	18,466,075	802,197,701	18,466,075
Balance as at 31st March	-	-	802,197,701	18,466,075	802,197,701	18,466,075
Creditors						
(towards reimbursement of expenses)						
Given during the year	271,770	6,157	-	-	271,770	6,157
Balance as at 31st March	271,770	6,157	-	-	271,770	6,157

Note: a. Related party relationship is as identified by the Company and relied upon by the Auditors.

4. Segment Reporting

As the Company has not engaged in any business operations during the period, there is no reportable segment.

5. Earning per share (EPS)

	Rupees	USD
Net loss for the period	(385,936)	(8,743)
Add: Arrears of Cumulative Preference Dividend	(320,082)	(7,368)
Net loss available for equity share holders	(706,018)	(16,111)
Weighted average number of equity shares	9,041 nos.	9,041 nos.
Nominal Value of equity share	N.A.	1
Basic and Diluted Earning per share	(78.09)	(1.78)

6. Information Pursuant to the Provisions of Paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956 (to the extent applicable)

Expenditure in Foreign Currency

	Rupees	USD
- Audit Fees	114,166	2,586
- Legal and Professional fees	271,770	6,157

7. During the period the company received an amount of Rs.815,814,190 (USD 18,466,075) as share application money from Alok Industries Limited the holding company and the company is taking steps to increase its authorized capital and allot the shares.

8. The information contained in financial statements for the period ended March 31, 2007 disclosed in US dollar is extracted from the books of accounts locally maintained and converted into Indian rupees as disclosed under 'basis of preparation' stated above. Such disclosures in US dollars are only for additional information.

9. The amounts in Balance Sheet and Profit and Loss account are rounded off to the nearest rupee / USD.

10. The Company was incorporated on January 25, 2007 and the first financial year of the company is from January 25, 2007 to March 31, 2007. This being the first financial year, information pertaining to the previous year has not been disclosed, being not applicable.

Signatures to Schedules 1 to 8

As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

P. R. Barpande
Partner

Place : Mumbai
Date : 31st July 2007

For and on behalf of the Board

Ashok B. Jiwrajka Chairman

Dilip B. Jiwrajka Director

Surendra B. Jiwrajka Director

Place : Mumbai
Date : 31st July 2007

Alok Inc.

BOARD OF DIRECTORS

Ashok B. Jiwrajka	President
Dilip B. Jiwrajka	Secretary
Surendra B.Jiwrajka	Vice President
Alok A. Jiwrajka	Treasurer

BANKERS

State Bank of India

AUDITORS

Deloitte Haskins & Sells

REGISTERED OFFICE

7W 34th Street,
Suite#607,
New York, NY 10001

Dear Shareholders,

Yours Directors take pleasure in presenting the First Annual Report and the Audited Accounts which have been prepared in accordance with the Generally Accepted Accounting Principles in India and audited for consolidation purposes with the holding company viz. Alok Industries Limited ("holding company"), a company incorporated in India for the financial year ended 31st March 2007.

The Company was incorporated on 4th May 2006 in New York and is a 100% wholly owned subsidiary of the above named holding company. The first year of the Company is from May 4, 2006 to March 31, 2007.

PERFORMANCE

During the year under review, the holding company had made an investment of USD 10000 In your Company. Your Company had issued and allotted 50 equity shares of USD 200 each to the holding company against the said investment.

The holding company has created a large customer base including international brands, importers and retailers like Wal-Mart, Federated Merchandising Group, Bed Bath and Beyond, Linens-N-Things, Kohl's etc in USA its extensive marketing efforts. The holding company now intends to offer superior service to these customers in the USA. In order to interact with retailers and purchasers at their point of convenience, the holding company has incorporated your Company as a wholly owned subsidiary to function as a Customer Relationship Management and Liasioning office, whose main activity would be to interact with the US customers regarding their sourcing requirements from the Company and provide efficient and prompt services to them in this regard.

Your Company has taken an office premises on lease basis for official use at New York for a period of 5 years commencing from the 1st February 2007 and ending on 31st January 2012.

FIXED DEPOSITS

Your Company has not accepted any fixed deposits from the public.

DIRECTORS:

The First Directors of your Company Shri Ashok B. Jiwrajka, Shri Dilip B. Jiwrajka and Shri Surendra B.Jiwrajka shall hold the office till the ensuing Annual General Meeting of the Company and are eligible for re-appointment.

AUDITORS AND AUDITORS' REPORT

The Auditors of the Company, M/s. Deloitte Haskins & Sells, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

The Auditor's Report to the shareholders does not contain any qualifications.

For and on behalf of the Board

Place: Mumbai
Dated: 31st July 2007

Ashok B. Jiwrajka
President

AUDITORS' REPORT

To,

The Board of Directors of
ALOK INC.

We have audited the Balance Sheet of Alok Inc. ("the company") as at 31st March, 2007 the Profit and Loss Account and also the Cash Flow Statement of the Company for the period from 4th May 2006 to 31st March, 2007 (the financial statements) attached hereto, which have been prepared in accordance with the Generally Accepted Accounting Principles in India.

This report is issued solely for the purpose of consolidation of accounts by the holding company, Alok Industries Limited and to comply with the provisions of Section 212 of the Companies Act, 1956, and should not be used for other purposes.

Respective Responsibilities of the Management and Auditors

The management of the Company is responsible for the preparation of these financial statements. It is our responsibility to form an independent opinion, based on our audit of the statements and to express our opinion thereon.

Basis of Opinion

We conducted our audit in accordance with the auditing standards issued by the Institute of Chartered Accountants of India. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the management in the preparation of the financial statements and whether the accounting policies are appropriate to the circumstances related to the Company, consistently applied and adequately disclosed. We planned and performed the audit so as to obtain all information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit.

Opinion

a. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts of the Company and comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act.

b. In our opinion, and to the best of our information and according to the explanations given to us, the financial statements read with the accounting policies and notes thereon give a true and fair view;

   (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2007;

   (ii) in the case of the Profit and Loss Account, of the profit for the period from 4th May, 2006 to 31st March, 2007; and

   (iii) in the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

For Deloitte Haskins & Sells
Chartered Accountants

P. R. Barpande
Partner
Membership No. 15291

Place: Mumbai
Dated: 31st July 2007

BALANCE SHEET AS AT MARCH 31, 2007

	PARTICULARS	SCHEDULE NO.	AS AT 31.03.2007 [Rupees]	AS AT 31.03.2007 [USD]
I	**SOURCES OF FUNDS**			
	Shareholders' Funds			
	Capital	1	445,410	10,000
	Reserves and Surplus	2	115,302	2,962
	TOTAL		**560,712**	**12,962**
II	**APPLICATION OF FUNDS**			
	Current Assets, Loans and Advances			
	Cash and Bank balances	3	102,167	2,352
	Loans and Advances	4	1,000,989	23,042
			1,103,156	25,394
	Less: Current Liabilities and Provisions			
	Current Liabilities	5	483,618	11,133
	Provisions	6	58,827	1,299
			542,444	12,432
	Net Current Assets		560,712	12,962
	TOTAL		**560,712**	**12,962**
	SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS	9		

As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

P. R. Barpande
Partner

Place: Mumbai
Dated: 31st July 2007

For and on behalf of the Board

Ashok B. Jiwrajka President

Dilip B. Jiwrajka Secretary

Surendra B. Jiwrajka Vice President

Place: Mumbai
Dated: 31st July 2007

PROFIT AND LOSS ACCOUNT FOR THE PERIOD MAY 4, 2006 TO MARCH 31, 2007

PARTICULARS	SCHEDULE NO.	[Rupees]	[USD]
INCOME			
Service Charges (Refer Note No.2 of Schedule No.9)		4,049,480	89,420
		4,049,480	**89,420**
EXPENDITURE			
Payment to and Provision for Employees	7	2,465,571	54,445
Administration and Other Expenses	8	1,409,781	30,714
		3,875,352	**85,159**
PROFIT BEFORE TAX		174,128	4,261
Provision for Tax - Current Tax		58,827	1,299
BALANCE CARRIED TO BALANCE SHEET		**115,302**	**2,962**
EARNING PER SHARE - BASIC AND DILUTED (Refer Note No.6 of Schedule No.9)		**3,603.17**	**92.57**
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS	9		

As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

P. R. Barpande
Partner

Place: Mumbai
Dated: 31st July 2007

For and on behalf of the Board

Ashok B. Jiwrajka President

Dilip B. Jiwrajka Secretary

Surendra B. Jiwrajka Vice President

Place: Mumbai
Dated: 31st July 2007

CASH FLOW STATEMENT FOR THE PERIOD MAY 4, 2006 TO MARCH 31, 2007

PARTICULARS	2006-07 Rupees	2006-07 USD
A] CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	**174,128**	**4,261**
Operating Profit before Working Capital changes	**174,128**	**4,261**
Adjustments for :		
Increase in Current Liabilities	483,618	11,133
Increase in Loans and Advances	(1,000,989)	(23,042)
Cash generated from Operations	**(343,243)**	**(7,648)**
Net cash used in operating activities (A)	**(343,243)**	**(7,648)**
B) CASH FLOW FROM INVESTING ACTIVITIES		
Net cash used in investing activities (B)	**-**	**-**
C) CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Equity Shares	445,410	10,000
Net cash flow from Financing activities (C)	**445,410**	**10,000**
Net increase in Cash and Cash equivalents (A+B+C)	**102,167**	**2,352**
Cash and Cash equivalents at the beginning of the period	-	-
Cash and Cash equivalents at the end of the period	102,167	2,352
Net increase in Cash and Cash equivalents	**102,167**	**2,352**

NOTES TO CASH FLOW STATEMENT

1 Components of Cash and Cash Equivalents include Cash and Bank balances as stated in Schedule 3 of the Balance Sheet.

2 The Cash Flow Statement has been prepared in accordance with the requirements of Accounting Standard AS-3 "Cash Flow Statement" issued by the Institute of Chartered Accountants of India.

3 This being the first financial year of the company, the figures of the previous year are not applicable and hence not disclosed.

As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

P. R. Barpande
Partner

Place: Mumbai
Dated: 31st July 2007

For and on behalf of the Board

Ashok B. Jiwrajka President

Dilip B. Jiwrajka Secretary

Surendra B. Jiwrajka Vice President

Place: Mumbai
Dated: 31st July 2007

SCHEDULES

PARTICULARS	AS AT 31.03.2007 [Rupees]	AS AT 31.03.2007 [USD]
SCHEDULE '1'		
SHARE CAPITAL		
Authorised :		
200 Equity Shares of USD 200 each	**1,781,640**	40,000
	1,781,640	40,000
Issued and Subscribed		
Equity Share Capital	**445,410**	10,000
50 Equity Shares of USD 200 each fully paid up		
TOTAL	**445,410**	**10,000**

Note : The above equity shares are being held by Alok Industries Limited, the Holding Company.

PARTICULARS	AS AT 31.03.2007 [Rupees]	AS AT 31.03.2007 [USD]
SCHEDULE '2'		
RESERVES AND SURPLUS		
Surplus in Profit and Loss Account	**115,302**	**2,962**
TOTAL	**115,302**	**2,962**

PARTICULARS	AS AT 31.03.2007 [Rupees]	AS AT 31.03.2007 [USD]
SCHEDULE '3'		
CASH AND BANK BALANCES		
Bank Balances :		
With Others in Current Account :		
State Bank of India (New York)	**102,167**	2,352
[Maximum balance outstanding during the period Rs.13,32,770 (USD 30,058)]		
TOTAL	**102,167**	2,352

PARTICULARS	AS AT 31.03.2007 [Rupees]	AS AT 31.03.2007 [USD]
SCHEDULE '4'		
LOANS AND ADVANCES		
(Unsecured, Considered Good)		
Advances recoverable in cash or in kind or for value to be received	**165,707**	3,814
Deposits	**835,282**	19,228
TOTAL	**1,000,989**	23,042

PARTICULARS	AS AT 31.03.2007 [Rupees]	AS AT 31.03.2007 [USD]
SCHEDULE '5'		
CURRENT LIABILITIES		
Sundry Creditors		
Total outstanding due to Small Scale Industrial Undertaking	-	-
Total outstanding due to Creditors other than Small Scale Industrial Undertaking	483,618	11,133
TOTAL	483,618	11,133

Note: The Company has not received intimation from suppliers regarding the status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure, if any, relating to amounts unpaid as at the period end together with interest paid/payable as required under the said Act have not been given.

PARTICULARS	AS AT 31.03.2007 [Rupees]	AS AT 31.03.2007 [USD]
SCHEDULE '6'		
PROVISIONS		
Provision for Taxation	58,827	1,299
TOTAL	58,827	1,299

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE PERIOD MAY 4, 2006 TO MARCH 31, 2007

PARTICULARS	2006-07 [Rupees]	2006-07 [USD]
SCHEDULE '7'		
PAYMENT TO AND PROVISION FOR EMPLOYEES		
Salaries, Wages and Bonus	2,264,304	50,000
Contribution to other funds	190,949	4,217
Employees Welfare Expenses	10,319	228
TOTAL	2,465,571	54,445

PARTICULARS	2006-07 [Rupees]	2006-07 [USD]
SCHEDULE '8'		
ADMINISTRATION AND OTHER EXPENSES		
Legal and Professional Fees	359,602	7,941
Rates and Taxes	20,605	455
Auditor's Remuneration (including service tax)	117,130	2,586
Insurance	65,981	1,457
Exchange Difference on Translation Account	18,853	-
Business Promotion Expenses	679,291	15,000
Office Electricity Expenses	70,601	1,559
Miscellaneous Expenses	77,718	1,716
TOTAL	1,409,781	30,714

SCHEDULE '9'

A) SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared solely for the purpose of consolidation by the holding company, Alok Industries Limited and to comply with the provisions of section 212 of the Indian Companies Act 1956.

1. Basis of Preparation of Financial Statements

a) The accompanying financial statements have been prepared under the historical cost convention in accordance with generally accepted accounting principles in India, the applicable Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI).

b) **Translation to Indian Rupees :-**

The local accounts are maintained in local and functional currency, which is the US Dollar (USD). Considering the operations of the company as integral to the parent company, the financial statements have been translated to Indian Rupees on the following basis-

(i) All income and expenses are translated at the average rate of exchange prevailing during the period.

(ii) Monetary assets and liabilities are translated at the closing rate on the balance sheet date.

(iii) Non-monetary assets and liabilities and share capital is translated at historical rates.

(iv) The resulting exchange difference is accounted in 'Exchange difference on translation account' and is charged/credited to the Profit and Loss account.

(v) The aforesaid items as translated are considered for the purpose of cash flow statement.

2. Use of Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles require estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between, the actual results and estimates are recognised in the period in which the results are known / materialise.

3. Revenue Recognition

Revenue from service charges is recognised on rendering of the related services in accordance with the terms of the agreement.

4. Income Taxes

Tax expenses comprises of current tax and deffered tax. Deffered tax is accounted for in accordance with Accounting Standard (AS-22) on "Accounting for taxes on Income", issued by ICAI. Current tax is measured at the amount expected to be paid/recovered from the tax authority using the applicable tax rates. Deffered tax assets and liabilities are recognised for future tax consequence attributable to timing difference between taxable income and accounting income that are capable of reversing in one or more subsequent periods and are measured at relevant enacted/substantively enacted tax rates. At each balance sheet date, the Company reassesses unrealized deferred tax assets to the extent they become reasonably certain or virtually certain of realization, as the case may be.

5. Foreign Currency Transactions

i. Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transactions.

ii. Monetary items denominated in foreign currencies at the year end are restated at the year end rates.

iii. Non-monetary foreign currency items are carried at cost.

iv. Any income or expense on account of exchange difference either on settlement or on translation is recognised in the profit and loss account except in cases where they relate to acquisition of fixed assets acquired from countries outside India in which case they are adjusted to the carrying cost of such assets.

6. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the Notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

B) NOTES TO ACCOUNTS

1. Company Overview

Alok INC. incorporated in May, 2006 under the laws of the State of New York, is a wholly owned subsidiary of Alok Industries Limited, Company incorporated in India. These accounts have been prepared solely and audited for the purpose of consolidation and to comply with the provisions of the Indian Companies Act, 1956.

2. Service charges represents income accrued for reimbursement of marketing and other expenses by Alok Industries Limited, the holding Company, in terms of the agreement with Alok Industries Limited. In terms of the agreement, the company is entitled for reimbursement of 100% of the marketing and other expenses with a mark-up of 5% on all the reimbursements.

3. Contingent Liabilities -	Rupees	USD
	-	-

4. Related Parties Disclosures

As per Accounting Standard AS - 18 "Related Party Disclosures" issued by the ICAI, Company's related parties disclosed as below:

I Names of related party and nature of relationship

Alok Industries Limited — Holding Company

II Nature of transactions with Holding Company

Transaction	Holding Company	
	In Rupees	In USD
Equity Shares		
Allotted during the year	445,410	10,000
Balance as at 31st March	445,410	10,000
Advances towards reimbursement of expenses		
Given during the year	4,124,953	94,954
Service charges (Income)	4,049,480	89,420
Creditors		
Balance as at 31st March	240,396	5,534

Note: a. Related party relationship is as identified by the Company and relied upon by the Auditors.

5. Segment Reporting

As the Company has not commenced business operations during the period, there is no reportable segment.

6. Earning per share (EPS)

	Rupees	USD
Net profit for the period	115,302	2,962
Weighted average number of equity shares	32 nos.	32 nos.
Nominal Value of equity share	N.A.	200
Basic and Diluted Earning per share	3,603.17	92.57

7. Information Pursuant to the Provisions of Paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956 (to the extent applicable)

Expenditure in Foreign Currency

	Rupees	USD
- Auditor's Remuneration	117,130	2,586
- Staff & Labour Welfare Expenses	4,302	95
- Miscellaneous Expenses	1,585	35

8. The provision for current tax has been computed considering the tax laws in US and is as certified by the company's local tax consultant.
9. The information contained in financial statements for the period ended March 31, 2007 disclosed in US dollar is extracted from the books of accounts locally maintained and converted into Indian rupees as disclosed under 'basis of preparation' stated above. Such disclosures in US dollars are only for additional information.
10. The amounts in Balance Sheet and Profit and Loss account are rounded off to the nearest rupee / USD.
11. The Company was incorporated on May 4, 2006 and the first financial year of the company is from May 4, 2006 to March 31, 2007. This being the first financial year, information pertaining to the previous year has not been disclosed, being not applicable.

Signatures to Schedules 1 to 9

As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

P.R. Barpande
Partner

Place: Mumbai
Dated: 31st July 2007

For and on behalf of the Board

Ashok B. Jiwrajka President

Dilip B. Jiwrajka Secretary

Surendra B. Jiwrajka Vice President

Place: Mumbai
Dated: 31st July 2007

Alok Infrastructure
Private Limited

Alok Infrastructure Private Limited

BOARD OF DIRECTORS

Ashok B. Jiwrajka	Director
Dilip B. Jiwrajka	Director
Surendra B. Jiwrajka	Director

BANKERS

The Karur Vysya Bank Limited
HDFC Bank Limited

AUDITORS

Gandhi & Parekh

REGISTERED OFFICE

Peninsula Tower 'A' Wing,
Peninsula Corporate Park,
Ganpatrao Kadam Marg,
Lower Parel,
Mumbai-400 013
Maharashtra.

DIRECTORS' REPORT OF ALOK INFRASTRUCTURE PRIVATE LIMITED

To,
The Members,

Your directors have pleasure in presenting the First Annual Report of the Company together with the Audited Accounts for the period ended 31st March 2007 as under:

OPERATIONS

The Company was incorporated on 1st September 2006 as a wholly owned subsidiary of Alok Industries Limited ("holding company") with a paid capital of Rs.500000 divided into 50000 equity shares of Rs.10/- each.

Your Company is setting up a Textile Specific Zone (hereinafter referred to as "SEZ") at Village Surangi, Silvassa, Union Territory of Dadra & Nagar Haveli (hereinafter referred to as "the said Village") and has obtained in-principle approval from Ministry of Commerce, Government of India (GoI), New Delhi. The Company had initially acquired 131.90 acres of land and subsequently acquired 51.79 acres of additional land at the said Village for setting up the SEZ in the said Village. Your Company has has made an application to GOI, requesting them to provide their final approval for setting up SEZ on the total land area of 183.69 acre in the said Village, which is expected to be received shortly.

Your Company has also contracted to acquire the following properties: (i) Office premises admeasuring around 575,000 square feet at Lower Parel, Mumbai in an office complex called 'Peninsula Business Park" being developed by Peninsula Land Holdings Limited at the erstwhile "The Dawn Mills Limited"; (ii) Office premises at Ashford Centre admeasuring about 57,000 square feet at Lower Parel, Mumbai being developed by Ashford Universal. Both these properties are located in a prime area in the heartland of Mumbai city. Your Company will actively pursue similar avenues for growth and value addition.

CAPITAL & FINANCE

During the period, the Company received share application money of Rs.57.78 crores from the holding company and unsecured loans aggregating Rs.24000/- from its directors. Your Company is exploring various possibilities of raising the capital for its future operations.

CAPITAL EXPENDITURE

The Capital Work in Progress as on 31st March 2007 was Rs.57.65 crores. The net fixed assets, including expenditure during construction period as on 31st March 2007 is Rs.57.76 crores.

FIXED DEPOSITS

Your Company has not accepted any fixed deposits from the public within the meaning of Section 58(A) of the Companies Act, 1956 and the rules made thereunder.

DIRECTORS:

The First Directors of your Company Shri Ashok B. Jiwrajka, Shri Dilip B. Jiwrajka and Shri Surendra B.Jiwrajka shall hold the office till the ensuing Annual General Meeting of the Company and are eligible for re-appointment.

DIRECTORS RESPONSIBILITY STATEMENT:

As stipulated in Section 217(2AA) of the Companies Act, 1956, your Directors subscribe to the "Directors' Responsibility Statement' and confirm that:

i) in the preparation of the annual accounts for the financial year ended 31st March 2007, the applicable Accounting Standards have been followed and there has been no material departure;

ii) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2007 and of the profit of the Company for the year on that date;

iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) the Directors have prepared the annual accounts for the financial year ended 31st March 2007 on a 'going concern' basis.

AUDITORS AND AUDITORS' REPORT:

The observations made in the Auditors' Report are self-explanatory and therefore, do not call for any further comments under section 217(3) of the Companies Act, 1956.

The first Auditors of the Company M/s Gandhi & Parekh, shall hold the office of Auditors till the ensuing annual General Meeting of the Company and have indicated their willingness to accept re-appointment.

EMPLOYEES:

There are no employees attracting the provisions of Section 217(2A) of the Companies Act, 1956. Hence no statement pursuant to the said section is given.

CONSERVATION OF ENERY, TECHNOLOGY ABSORPTION AND FOREIGN EARNING AND OUTGO

The details as required under the Companies (Disclosure of Particulars in the report of Board of Directors) Rules 1988 are not applicable for the period.

FOR AND ON BEHALF OF THE BOARD

ASHOK B. JIWRAJKA
DIRECTOR

Place: Mumbai
Dated: 31st July 2007

TO
THE MEMBERS OF
ALOK INFRASTRUCTURE PRIVATE LIMITED

1. We have audited the attached Balance Sheet of **ALOK INFRASTRUCTURE PRIVATE LIMITED** as at 31st March, 2007 and also Cash Flow Statement for the period ended on that date annexed thereto. No profit and loss account has been prepared as no commercial activity has started as of date of Balance Sheet [Refer Note No.1 of Part II of Schedule 6]. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) order, 2004 (" the Order") issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
   (i) We have obtained all the information and explanations to the best of our knowledge and belief were necessary for the purpose of our audit.
   (ii) In our opinion, the company, as required by law, has kept proper books of accounts, so far as it appears from our examination of the books.
   (iii) The Balance Sheet and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
   (iv) In our opinion, the Balance Sheet and the Cash Flow Statement dealt with by the report are in compliance in all material aspect with the accounting standard referred to in Section 211 (3C) of the Companies Act, 1956.
   (v) On the basis of the written representation received from the Directors as at 31st March, 2007 and taken on record by the Board of Directors, we report that none of the Directors of the Company are disqualified as on 31st March, 2007 from being appointed as director under Sec. 274 (1) (g) under Companies Act, 1956.
   (vi) In our opinion, and to the best of our information, and according to the explanations given to us, the said accounts read with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
      (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2007 and
      (b) in the case of the Cash Flow Statement , of the cash flows for the period ended on that date.

For Gandhi & Parekh
Chartered Accountants

Manish I. Mehta
Partner
M. No.: 43456

Place: Mumbai
Date: 31st July, 2007

Annexure to the Auditors' Report

Annexure referred to in paragraph 3 of our report of even date to the members of the Alok Infrastructure Private Limited on the financial statements for the period ended 31st March, 2007.

i. a) The Company has purchased Land during the year. Fixed Assets are under construction. Therefore, Clause 4(i)(a) of the Order is not applicable.

   b) As this is first year of existence of the Company and the Fixed Assets are under construction, no physical verification of Fixed Assets was considered necessary by the management.

   c) The Company has not disposed of substantial part of the Fixed Assets.

ii. The clause 4(ii) of the Order relating to Inventory is not applicable to the Company, as the Company has not commenced commercial activity.

iii. a) The Company has not granted any loans, secured or unsecured, to Companies, Firms or other parties covered in the registers maintained under section 301 of the Companies Act, 1956. Hence Clauses 4 (iii) (a), (b), (c) & (d) of the Order are not applicable in respect of loan granted.

   b) The Company has taken loan from three parties covered in the register maintained under section 301 of the Companies Act, 1956.

c) The maximum amount involved during period Rs.24,000/- and year balance of loan taken from such parties was Rs. 24,000/-.

d) In our opinion, terms & conditions on which loans have been taken from such persons listed in the register maintained under section 301 of the Companies Act, 1956 are not prima-facie prejudicial to the interest of the Company.

e) There are no stipulation as to repayment of principal amount and interest.

iv. According to the information and explanations given to us there are generally adequate internal control procedure commensurate with the size of the company and the nature of its business with regard to the purchase of fixed assets. There are no transactions taken place purchase of inventory and sales of goods and services. Further on the basis of our examination and according to the information & explanation given to us, we have neither come across nor have been informed of any instance of continuing failure to correct major weakness in the aforesaid Internal Control System.

v. a) In our opinion, and according to the information and explanations given to us, there are no transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956.

b) Clause (4)(v)(b) is not applicable, as there are no transaction made in pursuance of the contract and arrangements entered in the registered maintained under section 301 of the companies Act, 1956 in excess of value of Rs.500000/- in respect of any party during the period.

vi. The Company has not accepted deposits from the public within the meaning of section 58A and 58AA of the Companies Act, 1956, and the rules framed there under. We are informed that no order has been passed by the Company Law Board, National Law Tribunal or Reserve Bank of India or any court or any other tribunal.

vii. As this is first year of the Company and no commercial activity/operations have commenced, clause4 (vii) regarding commensurate of Internal Audit System of the order does not apply & not commented upon. However, there is no formal internal audit but Company's control procedure ensures reasonable internal checking of its financial and other records

viii. According to the information and explanation given to us, maintenance of cost records has not been prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956, hence the question of reporting under clause 4(viii) of the said Order does not arise.

ix. a) According to the records of the Company, the Company is regular in depositing with the appropriate authorities undisputed statutory dues including Income Tax Sales Tax, Wealth Tax, Service Tax, Custom Duty Excise Duty, cess & other material statutory dues applicable to it. We have been informed by the Company that Provision of Provident Fund, Employees State Insurance Scheme are not applicable and also provisions of Investor Education & Protection Fund are not applicable.

b) As per records of the Company and according to the information and explanation given to us, no disputed amount payable in respect of Income Tax, Wealth Tax, , Service Tax , Sales Tax, Customs Duty, & Excise Duty as at 31.03.2007 for a period more than six months from the date they become payable.

c) According to the information & explanation given to us, there are no dues of Sale Tax, Income tax, customs duty, Service Tax, wealth tax, excise duty and cess which have not been deposited on account of any dispute.

x. The Company has been registered for a period less than five years and hence clause (4)(x) of the order is not applicable to the Company..

xi. According to information & explanations given to us, the Company has not raised any loans from Banks or financial institution, hence clause 4 (xi) of the order are not applicable to the Company.

xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii. The Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Order are not applicable to the Company.

xiv. The provision of clause 4 (xiv) of the order are not applicable as the Company is not dealing in or trading in shares, securities, debentures, and other investments.

xv. According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from a bank or financial institutions and hence the provision of clause 4 (xv) of the Order is not applicable to the Company.

xvi. The Company has not availed any term loans, accordingly, the question of reporting on its applications does not arise. Therefore, the provision of clause 4 (xvi) of the Order is not applicable to the Company.

For Gandhi & Parekh
Chartered Accountants

Manish I. Mehta
Partner
M. No.: 43456

Place: Mumbai
Date: 31st July, 2007

BALANCE SHEET AS AT MARCH 31, 2007

PARTICULARS	SCHEDULE NO.		AS AT 31.03.2007 Amt. (Rs.)
SOURCES OF FUNDS			
I. Shareholders' Fund			
Equity Share Capital	1		500,000
Share Application Money			577,791,095
II Loan Fund			
Unsecured Loans from Directors			24,000
			5,78,315,095
APPLICATION OF FUNDS			
I Fixed Assets			
(a) Capital Work In Progress	2	576,494,220	
(b) Expenditure During Construction Period	3	1,151,103	
(Pending allocation/adjustment)			
			577,645,323
II Current Assets, Loans & Advances			
Cash & Bank Balances	4	697,260	
Less : Current Liabilities & Provisions			
Current Liabilities	5	54,197	
Net Current Assets			643,063
III Miscellaneous Expenditure			
(To the extent not written off or adjusted)			
Preliminary Expenses			26,709
TOTAL			578,315,095
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS	6		

As per our report of even date

For Gandhi & Parekh
Chartered Accountants

Manish I. Mehta
Partner

Place: Mumbai
Dated: 31st July 2007

For and on behalf of the Board

Ashok B. Jiwrajka Director

Dilip B. Jiwrajka Director

Surendra B. Jiwrajka Director

Place: Mumbai
Dated: 31st July 2007

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2007

PARTICULARS	Period ended 31st March, 2007
A] Cash Flow from Operating Activities:	
Net profit before tax	-
Adjustments for:	
Preliminary expenses incurred	26,709
Operating profit before working capital changes	26,709
Adjustments for:	
(Increase)/ Decrease in Current Liabilities	(54,197)
Cash Generated from Operations	(27,488)
B] Cash Flow from Investing Activities:	
Advance for Purchase of Fixed Assets	576,494,220
Exepnditure during Construction Period	1,151,103
Net Cash used in Investing activities	577,645,323
C] Cash Flow from Financing Activities:	
Proceeds from issue of Equity share capital	500,000
Share Application Money	577,791,095
Borrowings	24,000
Net Cash Flow from Financing activities	578,315,095
Net increase/(decrease) in Cash & cash equivalents [A+B-C]	697,260
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the period	697,260

Notes to Cash Flow Statement:

1. The above Cash Flow Statement has been prepared under the Indirect Method set-out in AS - 3 issued by the ICAI.
2. Components of Cash and Cash Equivalents include Cash and Bank Balances.

As per our report of even date

For Gandhi & Parekh
Chartered Accountants

Manish I. Mehta
Partner

Place: Mumbai
Dated: 31st July 2007

For and on behalf of the Board

Ashok B. Jiwrajka Director

Dilip B. Jiwrajka Director

Surendra B. Jiwrajka Director

Place: Mumbai
Dated: 31st July 2007

PARTICULARS	AS AT 31.03.2007 Amt. (Rs.)
SCHEDULE '1'	
SHARE CAPITAL	
Authorised :	
50,000 Equity shares of Rs.10/- each	500,000
Issued Subscribed & Paid up Capital	
50,000 Equity shares of Rs. 10/- each fully paid (Out of the above, 49,500 equity shares fully paid-up are held by the holding Company Alok Industries Ltd through declaration of beneficial interest by directors of the Company as per Section 187C of the Companies Act,1956 and balance 500 equity shares are held by the holding Company - Alok Industries Limited).	500,000
TOTAL	**500,000**

PARTICULARS	AS AT 31.03.2007 Amt. (Rs.)
SCHEDULE '2'	
Capital Work in Progress	576,494,220
	576,494,220

Note :

Capital Work in Progress include :

i) Rs.7,61,32,031/- towards advance for purchase of land (including Rs. 83,80,098/- in the name of Directors & others)

ii) Rs.50,00,00,000/- towards advance for Office Premises

iii) Rs.3,62,189 /- Cost incurred in relation to acquisition of Land pending Conveyance/ Sale Deed

PARTICULARS	AS AT 31.03.2007 Amt. (Rs.)
SCHEDULE '3'	
Expenditure During Construction Period	
Audit Fees	22,472
Bank Charges & Commission	531
Legal & Professional Fees	1,128,100
	1,151,103

PARTICULARS	AS AT 31.03.2007 Amt. (Rs.)
SCHEDULE '4'	
Cash & Bank Balances	
Cash on Hand	3,403
Balances with Scheduled Banks in Current Account	693,857
	697,260

PARTICULARS	AS AT 31.03.2007 Amt. (Rs.)
SCHEDULE '5'	
Current Liabilities	
Sundry Creditors	54,197
	54,197

SCHEDULE: 6

[I] SIGNIFICANT ACCOUNTING POLICIES:

1. Basis of Preparation of Financial Statements

i. The Financial Statement has been prepared under the historical cost convention in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956.

ii. The Company generally follows the mercantile system of accounting and recognises significant items of income and expenditure to the extent recognisable.

2. Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

3. Fixed Assets

i. Fixed Assets are stated at cost net of CENVAT / Value Added Tax, rebates, less accumulated depreciation, amortization and impairment loss, if any.

ii. The advances paid for the acquisition and development of Land has been classified as Advance for Capital Expenditure and has been subsequently grouped under Schedule Capital Work in Progress.

iii. Expenses incurred relating to project prior to commencement of commercial activity are classified as Expenditure During Construction Period, net of income, if any, earned during project development stage.

[II] NOTES ON ACCOUNTS:

1. The Company is set-up for carrying out real estate and infrastructure projects. No Profit & Loss account has been prepared, since the Company has not commenced revenue operations. The expenditure incurred during the construction period are classified as Expenditure During Construction Period and will be apportioned to the assets on the completion of the project.

2. The company has obtained in-principle approval from Government of India vide its letter No. F.2/501/2006-SEZ dated 14th November, 2006 to set up a sector specific SEZ for textile sector at Village Surangi, near Silvassa in the Union Territory of Dadra and NagarHaveli. During the period the Company started acquiring land. The expenditure incurred for acquisition and development of said land is treated as project work-in-progress for the time being and will be capitalised on completion of project.

3. Share Application Money Rs. 57,77,91,095/- received from Alok Industries Limited (Holding Company), It includes Rs. 4,42,81,095/- paid by Holding Company on behalf of the Company for purchase of Land & other expenditure and considered as Share Application Money.

4. The amount of contracts remaining to be executed on capital account and not provided for are estimated at Rs. 6,14,37,369/-.

5. The disclosure requirement under Part II of the Companies Act, 1956 are given to the extent applicable to the Company.

6. Since this is the first financial year of the company, there are no corresponding figures for the previous year.

7. The accounts dealt with in these statements are for the period from date of incorporation ie. 01-09-2006 to 31-03-2007.

8. Payment to Auditor of Rs. 22,472/- towards Audit Fees has been included in Expenditure incurred during construction period.

9. Preliminary Expenses to the extent not written off or adjusted will be charged to revenue in the year in which there is profit to absorb the same.

10. Sundry creditors for the year ended 31st March 2007 does not include any amounts due to the small-scale industrial undertakings, which are outstanding for more than 30 days.

11. The Company has not received intimation from suppliers regarding the status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act have not been given.

12. Related Parties Disclosure (As identified by the Management)

    a) Names of related parties and nature of relationship

As per Accounting Standard AS - 18 "Related Party Disclosures" issued by the ICAI, Company's related parties disclosed as below:

1) Names of related parties and description of relationship.

I Associates

Alok Denims (India) Pvt. Ltd.
Alok Finance Pvt. Ltd.
Alok Knit Exports Limited
Alok Textile Traders
Ashok B. Jiwrajka (HUF)
Ashok Realtors Pvt. Ltd.
Buds Clothing Co.
D. Surendra & Co.
Dilip B. Jiwrajka (HUF)
Grabal Alok Impex Ltd.
Grabal Alok International Limited
Vaibhav Knit Fab
Alspun Infrastructure Ltd.
Alok Industries International Limited
Green Park Enterprises
Honey Comb Knit Fabrics
Jiwrajka Associates Pvt. Ltd.
Jiwrajka Investment Pvt. Ltd.
Niraj Realtors & Shares Pvt. Ltd.
Nirvan Exports
Nirvan Holdings Pvt. Ltd.
Pramatex Enterprises
Pramita Creation Pvt. Ltd.
Surendra B. Jiwrajka (HUF)
Tulip Textiles
Grabal Alok (UK) Ltd. (Formerly Hamsard 2353 Ltd.)
Alok Inc

II Holding Company

Alok Industries Limited

III Key Management Personnel

Ashok B. Jiwrajka
Dilip B. Jiwrajka
Surendra B. Jiwrajka

IV Relatives of Key Management Personnel

Prita D Jiwrajka
Alok A. Jiwrajka
Geeta S. Jiwrajka

2) Nature of transaction with Associates, Holding Company, Key Management Personnel & Relative of Key Management Personnel.

Transaction	Associates (Rs.)	Holding Company (Rs.)	Key Management Personnel (Rs.)	Relatives of Key Management Personnel (Rs.)	Total (Rs.)
a) Share Capital					
Balance as at 1st September 2006					
(being date of Incorporation)	-	-	-	-	-
Subscribed during year	-	5,00,000	-	-	5,00,000
Balance as at 31St March	-	5,00,000	-	-	5,00,000
b) Share Application Money					
Balance as at 1st September 2006					
(being date of Incorporation)	-	-	-	-	-
Received during the year	-	57,77,91,095	-	-	57,77,91,095
Balance as at 31st March	-	57,77,91,095	-	-	57,77,91,095
c) Borrowings					
Balance as at 1st September 2006					
(being date of Incorporation)	-	-	-	-	-
Borrowed during the year	-	-	24000	-	24000
Balance as at 31st March	-	-	24000	-	24000

As per our report of even date

For Gandhi & Parekh
Chartered Accountants

Manish I. Mehta
Partner

Place: Mumbai
Dated: 31st July 2007

For and on behalf of the Board

Ashok B. Jiwrajka Director

Dilip B. Jiwrajka Director

Surendra B. Jiwrajka Director

Place: Mumbai
Dated: 31st July 2007

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Information required to be given in pursuance of part IV of Schedule VI of the Company's Act, 1956

I	**Registration Details**				
	Registration No.	U45201MH2006PTC164267			
	State Code	**11**			
	Balance Sheet Date		**31** **Day**	**3** **Month**	**2007** **Period**
II	**Capital raised during the period**				**(Rs. in '000)**
	Public Issue				NIL
	Right Issue				NIL
	Bonus Issue				NIL
	Private Placement				NIL
III	**Position of mobilization and deployment of funds**				
	Total Liabilities				578,369
	Total Assets				578,369
	Sources of Funds				
	Paid up Capital				500
	Share Application				577,791
	Secured Loan				-
	Unsecured Loan				24
	Current Liability				54
	Reserves & Surplus				-
	Application of Funds				
	Net Fixed Assets				577,645
	Current Assets				697
	Accumulated Loses				-
	Investments				-
	Misc. Expenditure				27
IV	**Performance of the Company**				
	Turnover				-
	Profit before Tax				-
	Earning Share				-
	Total Expenditure				-
	Profit after Tax				-
	Dividend Rate				NIL
V	**Generic names of Principal Products/ Services of the Company** (as per monetary terms)				
	Item Code No. (ITC Code)				NIL
	Product description				NIL

For and on behalf of the Board

Ashok B. Jiwrajka Director

Dilip B. Jiwrajka Director

Surendra B. Jiwrajka Director

Place: Mumbai
Dated: 31st July 2007

ALOK INDUSTRIES LIMITED
INTEGRATED TEXTILE SOLUTIONS

ALOK INDUSTRIES LIMITED

Registered Office : B/43, Mittal Tower, Nariman Point, Mumbai – 400 021

REGD. FOLIO	
DP. ID	
DP ID-CLIENT ID	
PROXY NO.	
NO. OF SHARES	

I/We ____ of ________________________________ in the district of ____ being a member/members of Alok Industries Limited, hereby appoint __________________________ of ____________________________ or failing him _________________________ of ____________________ in the district of ____________________________ as my/our proxy to attend and vote for me/us and on my/our behalf at the **Twenty First Annual General Meeting** of the Company to be held on Tuesday, the 25th day of September 2007, at 11.00 a.m. at **TEXTILES COMMITTEE AUDITORIUM, P. BALU ROAD, PRABHADEVI CHOWK, PRABHADEVI, MUMBAI - 400 025** and at any adjournment thereof.

A

Signed on this __________ day of _________ 2007

Affix
15 ps.
Revenue
Stamp

____

Signature(s) of Member(s)

Note: The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The proxy need not be a member of the Company.

ATTENDANCE SLIP

ALOK INDUSTRIES LIMITED

Registered Office : B/43, Mittal Tower, Nariman Point, Mumbai – 400 021

Folio No./DP.ID : ______________________________

Client ID No. : ______________________________

Name & Address : ______________________________

____

____

____

I hereby record my presence at the **Twenty First Annual General Meeting** of the Company being held on Tuesday, the **25th day of September, 2007 at 11.00 a.m**. at **TEXTILES COMMITTEE AUDITORIUM, P.BALU ROAD, PRABHADEVI CHOWK, PRABHADEVI, MUMBAI - 400 025.**

____

Signature of Member/Joint Member

Proxy attending the meeting

Please complete this Attendance Slip and bring the slip to the meeting.

Introducing the

Reggiani DReAM

Printing Machine

The Reggiani DReAM Printing Machine is the first-of-its-kind-in-India and first-of-its-kind for industrial digital printing advancement. It is an industrial ink jet digital textile printing machine designed for printing high-fashion and household fabrics. Suitable for woven, knitted as well as non-woven fabrics, this machine ensures high reliability, productivity and output. It is particularly suitable for short and medium runs as well as sampling. The machine also provides scope for new, unexplored fields of application, offering a wide variety of options to meet the most demanding requirements.

The distinct advantages of this machine are:

Advantages

- Quick response to market requests
- Cost-effective short and medium runs
- High-quality output
- Environmentally friendly compatibilty
- High throughput
- Ink replenishment during printing
- Height-adjustable print heads
- Suitable for all types of fabrics (Woven, knitted and non-woven)
- Simple interface for a single operator
- No need to store unlimited screens
- No requirement of color kitchens
- Instant set up for numerous colorways

ALOK
INDUSTRIES LIMITED
™ INTEGRATED TEXTILE SOLUTIONS

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Printed by : WPPL : 4031 7777